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DAILY REPORT

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XINHUA ON FORTHCOMING U.S.-USSR ARMS TALKS

OW311415 Beijing XINHUA Domestic Service in Chinese 0735 GMT 30 Dec 84

[Commentary by XINHUA reporter Mei Zhenmin: "From Rigidity to Flexibility -- Commenting on the 1984 International Situation" -- XINHUA headline]

[Text] Beijing, 30 Dec (XINHUA) -- The year 1984 began with the suspension of the Soviet-U.S. nuclear arms talks and ends with their agreed-on, forthcoming new talks. During their rigid confrontation, the threat of war increased while the forces of peace grew in strength -- this is a salient feature of the international situation this year. Looking forward to the new year, the rigid situation, which has begun to get flexible, may relax to some extent, but there is no cause to be overly optimistic about it.

Tense East-West Relations

After the United States began to deploy intermediate-range missiles in Western Europe at the end of last year, the Soviet-U.S. nuclear arms talks were suspended. Then, the Soviet Union took an uncompromising attitude toward the United States as well as a stern stance toward West Germany, Japan, and some other Western countries. Thus, East-West relations cooled to the lowest point in 22 years since the "Cuban missile crisis."

The United States and the Soviet Union took turns escalating their arms race and expanding it into new fields step by step. In the past year, the United States sped up its deployment of intermediate-range missiles in Western Europe. By last November the United States had deployed 91 such missiles there and taken another strategic measure -- beginning to arm its Navy with "Tomahawk" cruise missiles and planning to equip its Navy with 758 such missiles by the early 1990's. The Soviet Union stepped up its deployment of SS-20 missiles on its own territory, deployed tactical nuclear missiles in Democratic Germany and Czechoslovakia, armed the Soviet Navy with long-range cruise missiles, and successfully tested intercontinental ballistic missiles matching the U.S. MX missile. Especially noteworthy is that the United States has been speeding up the implementation of its "Star Wars" plan put forward by Reagan in 1983. It has set up a space command and conducted airborne and land-based antisatellite weapons tests. It has made a major technological breakthrough in the development of nonnuclear antisatellite weapons and plans to spend hundreds of billion dollars on building a multilevel defense screen in space, a combination of space-based oriented weapons and land-based antiballistic missile systems, in an attempt to gain superiority over the other side. Not to be overdone, the Soviet Union, having deployed 32 "Galosh" antiballistic missiles, has gone in for the manufacturing and deployment of a new antisatellite weapons system. Now the Soviet-U.S. nuclear arms race has brought the total equivalent of nuclear weaponry to more than 20 billion dun, an "overkill capability" threatening the very survival of mankind. The intense contention between the superpowers for spheres of influence and strategic areas in the Third World has made this dangerous situation even more explosive.

The Growth of Peace Forces

This year the people of various countries have felt the threat of a nuclear holocaust more urgently than ever; so they have raised their voices louder than ever for relaxing the tense situation and eliminating the threat of nuclear war. The antiwar forces have been growing in strength.

First, the antinuclear peace movement in Western Europe and North America, spearheaded at its initial stage at one kind or another of nuclear weapons of one or the other superpower, is now fighting against all aspects of the nuclear arms race between the two superpowers and demanding the total destruction of nuclear weapons and the relaxation of tension. With a broad mass base, the antinuclear peace movement has become a force to be reckoned with.

Second, Third World countries, the main force for safeguarding world peace, have not only on various occasions condemned the superpowers for their arms expansion and war preparations as well as their aggression and expansion, but have taken practical action in relaxing regional conflicts, reducing the temperatures of "hot spots," and decreasing the number of explosive points. The Contadora Group has contributed to relaxing the explosive situation in Central America. Arab states have urged various factions in Lebanon to stop their civil war, thus initially stabilizing the situation in that country, the focus of contradictions in the Middle East. Frontline countries in southern Africa have made unremitting efforts to relax the tense situation there. The DPRK has put forward a number of proposals for the relaxation of tension in the Korean peninsula and has resumed its talks with South Korea, thus relaxing the confrontational situation in the peninsula to some extent.

Third, the countries of both Western and Eastern Europe, as member states of the two opposing military blocs -- NATO and the Warsaw Pact -- have also called on the United States and the Soviet Union to relax the tension between them. They have been making every effort to urge the United States and the Soviet Union to resume dialogue and defuse their nuclear confrontation. They have worked vigorously for closer contacts between Western and Eastern Europe and better East-West relations. All this shows that opposing the nuclear arms race and demanding the relaxation of tension have become the trend of the world today.

Simultaneous Confrontation and Dialogue

In these circumstances, and out of their own needs, the United States and the Soviet Union successively readjusted their diplomatic gestures in the latter half of this year. The Reagan administration, which is known for its hard line, banking on a stronger bargaining position with the growth of its military strength, and dictated by the needs of general elections at home, has launched a powerful peace offensive, proposing a summit meeting and resumption of nuclear arms talks between the two countries. While there was a growing and clear tendency for Reagan to win shown during the fierce election campaign in the United States, Soviet Foreign Minister Gromyko arrived in Washington in September and held a meeting with Reagan, known as a "strategic reconnaissance." The Soviet Union no longer insisted on separating the talks on space weapons from the nuclear arms talks after Reagan's reelection. It put forth a proposal of "comprehensive solution" to counter the U.S.-proposed "umbrella talks." The two sides have at last agreed to hold new arms control talks, thus beginning to bring a thaw to the numb and cold U.S.-USSR relations. At the NATO and Warsaw Pact defense ministers and foreign ministers meetings, the United States and the Soviet Union have preliminarily coordinated with their own allies with regard to their positions on the new talks. Not long ago, Gorbachev, a member of the Politburo of the CPSU Central Committee, held talks in London with British leaders. Their talks were described as "a prelude to resumption of East-West dialogue." It is expected that the United States and the Soviet Union may hold formal arms limitation talks after the meeting of their foreign ministers in January. It seems that with the "thaw" to a certain extent in U.S.-Soviet relations, those between Western and Eastern Europe and between Western Europe and the Soviet Union may improve to some extent, and relations between the West and East may also ease somewhat in 1985.

However, there are also indications that the process of relaxation will be difficult, limited, and even tortuous. Both the United States and the Soviet Union have their own plan on the arms control talks. The bargaining between them will be intense and time-consuming. It will be hard for them to achieve substantial progress in a short time. Moreover, there are many turbulent factors in the world, and, chances are, some incidents may affect the talks and the process of detente. Even if the United States and the Soviet Union reach certain agreements on arms limitations, they will not completely stop the arms race between them, nor their struggle in the Third World.

Dialogue and confrontation at the same time, or dialogue amid confrontation will likely be a salient feature of the East-West relations in the next few years. The world situation remains grim.

1984 DESCRIBED AS 'BUSY' FOR PRC DIPLOMACY

OW300720 Beijing XINHUA in English 0638 GMT 30 Dec 84

[Text] Beijing, December 30 (XINHUA) -- China played host to 32 foreign heads of state and government and 31 vice-premiers and foreign ministers while a dozen Chinese leaders went abroad in 1984.

Reviewing China's foreign relations in the outgoing year, a researcher at the Institute of International Affairs described 1984 as a very busy period for Chinese diplomacy.

Li Dai made this point in an article in the new year edition of the fortnightly, WORLD AFFAIRS, to be published next Tuesday.

China scored great achievements in safeguarding world peace, easing international tension, strengthening friendly contacts and developing economic cooperation, Li wrote.

China marked in 1984 the 30th anniversary of the Five Principles of Peaceful Coexistence which she advocated along with India and Burma. Facts show that these principles have increasingly become the universal norms governing international relations, Li said.

While continuing to urge the Soviet Union and the United States to halt their nuclear arms race, China put forward the first ever proposal in the United Nations for stopping the arms race in outer space, the researcher said.

He enumerated the following points to illustrate the specific achievements of Chinese diplomacy.

Relations with neighboring countries:

-- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, and his counterpart in the Korean Workers Party, Kim Il-sung, exchanged visits and reached agreement on the maintenance of long-term stability on the Korean peninsula and its peaceful and independent reunification.

-- Japanese Prime Minister Yasuhiro Nakasone's official visit to China further ensured that Sino-Japanese relations would continue through to the 21st century and beyond.

-- China joined the ASEAN countries and Pakistan in efforts to preserve peace in Southeast Asia and to develop economic cooperation.

-- Sino-Indian relations were improved as a result of the fifth round of talks between the two countries and Vice-Premier Yao Yilin's visit to India to attend Prime Minister Indira Gandhi's funeral.

-- Burmese President U San Yu visited China and signed an agreement on economic and technical cooperation, further enhancing the traditional friendship of the two countries.

-- China and Bhutan started talks on the boundary question, and the next round was expected to take place in Thimphu, Bhutan's capital, to seek a satisfactory solution.

-- China strongly denounced Vietnam for invading Kampuchea and attacking Thailand and firmly supported Democratic Kampuchea's just cause of resistance and Thailand's counter-attacks against the Vietnamese invaders.

Relations with other Third World countries:

-- Nineteen of the foreign heads of state and government visiting China in 1984 were from Third World countries. Political, economic and other relations with these countries grew considerably.

-- China continued condemning Israel for invading Lebanon and supported the proposal for an international conference to discuss and solve the Palestine question.

Relations with Europe:

-- Premier Zhao Ziyang visited France, Belgium, Sweden, Denmark, Norway, Italy and the EEC, while President Li Xiannian paid state visits to Spain, Portugal and Malta.

-- Chancellor Helmut Kohl of the Federal Republic of Germany, Norwegian Prime Minister Kaare Willoch and British Prime Minister Margaret Thatcher came to China.

-- The official signing of the Sino-British joint declaration on Hong Kong successfully settled the question of China's resumption of exercise of sovereignty there in 1997. This not only improved Sino-British relations but provided new experience in settling international disputes peacefully.

-- China and the Netherlands restored their diplomatic relations at ambassadorial level.

-- President Li Xiannian visited Romania and Yugoslavia, while a delegation from the Yugoslav League of Communists and Hungarian Vice-Premier Jozsef Marjai visited China.

-- Several senior Chinese officials toured Hungary, Poland, Czechoslovakia and the German Democratic Republic.

-- Sino-Soviet trade and personnel exchanges increased and the fifth round of consultations proceeded in a candid and calm atmosphere with both sides showing readiness to expand economic, trade, scientific, technical and cultural relations. The next round is scheduled to take place in Moscow next April.

-- Soviet First Vice-Premier I.V. Arkhipov's visit to China led to new progress in the above relations but no progress was made in removing the main obstacles to the normalization of Sino-Soviet relations.

Relations with Oceania:

-- Australian Prime Minister Robert Hawke visited China and China's relations with Australia and New Zealand continued to grow.

Relations with North America:

-- Premier Zhao Ziyang visited Canada and the United States and U.S. President Ronald Reagan paid a return call to China. The United States liberalized restrictions on technology transfer to China and new progress was made in Sino-U.S. economic, cultural and scientific exchanges.

-- China made it clear that she firmly opposed the obstacles placed by the United States in the way of a peaceful settlement of the Taiwan question as well as the new restrictions on the import of Chinese textiles.

Relations with big powers:

-- In dealing with the Soviet Union and the United States, China adhered to the Five Principles of Peaceful Coexistence, never yielding to any pressure nor attaching herself to any big powers or blocs.

-- China was ready to improve relations with both the Soviet Union and the United States while at the same time standing firmly against their hegemonist actions.

-- China continued to condemn the Soviet Union's invasion of Afghanistan and its support for Vietnam's aggression against Kampuchea and demand that the Soviet Union and Vietnam pull out of Afghanistan and Kampuchea respectively.

YEAR-ENDER ON INTERNATIONAL RELATIONS, ECONOMICS

OW300245 Beijing XINHUA in English 0217 GMT 30 Dec 84

["Year-ender: Developments in International Relationships Viewed From Economic Situation (by Ren Zhengde)" -- XINHUA headline]

[Text] Geneva, December 30 (XINHUA) -- There has been a marked improvement in the world's world's economic situation this year, with developed countries in the West witnessing a general recovery, the Soviet Union and East European countries making steady progress, and developing countries experiencing a turn for the better. The growth rate worldwide this year is estimated at 3.6 percent on average.

But a deep discrepancy in development exists not only between the groups of developed and developing nations but also among the developing countries and among the industrial countries themselves, with most of the developing countries still beset with difficulties, and especially some African nations still floundering in the quagmire of famine. There are also other factors standing in the way -- recession still looming in developed countries, protectionism in world trade on the upswing, debt problems persisting, investments subdued by sustained high interest rates and international monetary agencies tottering. This economic situation will bring new changes in international relationships.

Ease in Strained Soviet-American Relations Expected

The United States and the Soviet Union are set to re-open nuclear arms talks in January, a move which can be traced to both political and economical factors.

Since assuming office, U.S. President Ronald Reagan has greatly boosted military spending to beef up declining military strength. This led to a multiplying of the budget deficit, which soared to 210 billion U.S. dollars this year. The fabulous deficit puts a heavy burden on the economy and poses the most thorny problem for Reagan to grapple with since re-election.

The administration left with little space for maneuvering, resorted to a freezing of government expenditures, including a "painful" cut of military spending. The director of the U.S. budget office reportedly has proposed a cut of 10 billion dollars in military spending next year and a gradual reduction of the military spending increase rate from the year-on-year increase of nine percent in the past four years to five percent. The United States therefore feels the need to resume arms talks with the Soviet Union with a view toward a curbing of Soviet military buildup in the same manner. The United States has hinted if the Soviet Union makes concessions in the talks, it is willing to halt temporarily its deployment of missiles in Europe and to defer for three years its nuclear tests in space.

The Soviet Union, in the face of a mounting U.S. nuclear force in Europe, has reacted by planting more nuclear weapons in Europe and in waters off the United States.

With the heated nuclear race escalating from the land and sea to outer space, the United States has conducted two tests of infrared-guided anti-satellite rockets this year and has successfully launched an intercepting rocket in implementing its "Star Wars" program at a projected cost of 26 billion dollars in five years.

If the Soviet Union wants to do the same, it would cost that country more in view of the technological gap and a weaker economy which has been further sapped by successive poor harvests for six years.

To ease the heavy burdens on its economy from the arms race and also to check U.S. military expansion, especially development of space weapons, the Soviet Union also feels the need to re-open nuclear arms talks with the United States. The Soviet leadership has repeatedly sent out signals for an easing in Moscow-Washington relations, even giving up the precondition it had been insisting on that the United States must first pull its new missiles out of Europe.

More Contacts Likely To Increase Between Eastern and Western Europe

Since the beginning of this year, the East and West European countries have stepped up contacts on political as well as economic matters, in sharp contrast to the chilling in U.S.-Soviet relations. The turnover of trade between the two Europe's was up 8.7 percent in the first nine months of this year.

The increased deployment of U.S. and Soviet missiles in Europe this year has turned East and West European countries into bases as well as targets for a nuclear attack from either side, hence the pressing need for them to step up contacts designed to ease the simmering situation and to prevent a nuclear war from breaking out. Besides, West Europe wants to increase its exports to fuel the economic recovery, while East Europe needs West Europe's capital and technology.

Little Progress Expected in North-South Dialogue

Over the past decade, countries in the northern part of the globe and those in the south have met in three rounds of confrontation over the central issue of restructuring the old international economic order. In the early 1970's, the developed countries in the West were thought to be opting for "confrontation" instead of "dialogue" in their dealings with developing countries, thus sharpening the contradictions between the two. In the mid-1970's, the developed countries, though forced to enter into dialogue with developing countries, would not budge from their original adamant standpoint, thus turning the talks into "dialogues between deafs".

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With the inception of the 1980's and Reagan in office, the United States became more adamant in its approach toward countries in the South. The West European countries, despite an earlier easing of stands, have begun to toe the U.S. line this year, thus plunging the dialogue into a deadlock.

Depending on a strong recovering economy, the United States has all along held firmly to the old international economic structure and has adopted a high profile at international forums, instructing developing countries to "correct mistaken domestic policies" and to open their markets wider to the West. What is more, it also resorts to trade protectionism which further strains relations between the North and the South.

An uneven economic development has posed various problems for developing countries, with Latin American countries preoccupied with the debt burden, African countries plagued by famine, Asian countries troubled by trade protectionism and oil producers falling over backwards to maintain oil prices.

Under such circumstances, it is of prime importance to strengthen solidarity and cooperation between South-South countries as a way to press developed countries to envisage reality, thus breaking the current deadlock.

RADIO BROADCASTS NEW YEAR MESSAGE TO USSR

OW020420 Beijing in Russian to the USSR 1800 GMT 1 Jan 84

[Text] Dear Soviet radio listeners, a new year -- 1985 -- has begun. First of all allow me on behalf of Beijing radio and China's capital, Beijing, to extend to you and your relatives and friends sincere new year greetings. An ancient Chinese verse says that there are no long distances for real friends. During the past year, mutual understanding and friendship have further deepened between us and with the aid of radio waves and various kinds of relations. We sincerely hope that these relations will continue and develop in the new year.

At the moment of joyously greeting the new year we are especially moved by the fact many of our friends are now listening to our broadcasts.

In the new year, Beijing radio will make greater efforts to contribute to the development of friendship between the Chinese people and the peoples of all the countries in the world and to the improvement of our programs so as to better meet the needs of our listeners.

There is much room for improvement in our work. We would be very pleased if you sent us your valuable remarks. We sincerely hope for your energetic support. We greet you on the occasion of a new year and wish happiness and prosperity to all your family.

USSR TO WORK FOR RELAXATION OF WORLD TENSION

OW011143 Beijing XINHUA in English 0639 GMT 1 Jan 84

[Text] Moscow, January 1 (XINHUA) -- The Soviet Union pledges in 1985 to strive for a more healthy world political climate and the prevention of nuclear war in spite of the current international tension.

A joint new year message of the Central Committee of the Soviet Communist Party, the Presidency of the Supreme Soviet, and the Council of Ministers of USSR states that the new Soviet proposal for talks with the United States on space and nuclear weapons is of great significance.

It says that the people of the Soviet Union worked fruitfully during the past year to fulfil the social and economic program laid down by the 26th Congress of the Soviet Communist Party. The Soviet people will continue in 1985 to focus on expanding production, speeding progress in science and technology, and implementing the social development program, it adds.

SINO-SOVIET JOINT COAL MINE PROJECT UNDER WAY

OW131203 Tokyo KYODO in English 1148 GMT 13 Dec 84

[Text] Tokyo, Dec. 13 KYODO -- A Sino-Soviet joint coal mine development project is under way in a major coal field in the Inner Mongolian Autonomous Region, CHINA NEWS SERVICE said in a report monitored in Tokyo.

The news agency serving Overseas Chinese mentioned the project at the Yiminhe opencut coal field in a report about a joint coal mine development program among China, West Germany and the United States at another place in the region bordering Mongolia.

Diplomatic sources in Tokyo linked the report on the Sino-Soviet joint project to a visit to Beijing by Soviet First Vice Premier Ivan Arkhipov, beginning December 21.

KOREAN-CHINESE SIDE PROTESTS U.S. PROVOCATIONS

OW311906 Beijing XINHUA in English 1859 GMT 31 Dec 84

[Text] Pyongyang, December 31 (XINHUA) -- The security officer of Korean-Chinese side lodged a strong protest today against provocations of U.S. Army guards in the area of the Panmunjom conference room, according to a KCNA report.

At a meeting of security officers under the Military-Armistice Commission today, the officer said in a statement that four U.S. Army guards approached the military demarcation line from the court below their observation post southeast of the conference room of the Military Armistice Commission on December 29, stood there in a line and uttered insulting shouts and made threatening gestures towards guards of a post of the Korean-Chinese side and shortly after five U.S. Army guards appeared there and committed similar provocations.

The U.S. side was warned that it must bear the responsibility for the "collective and premeditated provocations."

The officer of the Korean-Chinese side pointed out that the dialogue between the North and the South will reopen next month and that the U.S. side should act to ease the tension in the area of the Panmunjom conference room.

WAN LI, HU QILI MEET DELEGATION FROM KOBE, JAPAN

OW011545 Beijing XINHUA in English 1433 GMT 1 Jan 85

[Text] Tianjin, January 1 (XINHUA) -- Vice-Premier Wan Li and Hu Qili, member of the Secretariat of the Chinese Communist Party Central Committee, met and feted Yukio Torii, leader of an advisory group from Kobe, Japan, and top advisor to the Tianjin Harbor.

During the meeting, the hosts and guests exchanged new year greetings.

Wan Li expressed his approval and thanks to Yukio Torii for his suggestions on how to raise the dredging capacity of the Tianjin Harbor and hoped that he would continue to help the harbor work out a long-term development plan.

All the good experience of the Kobe Harbor would be applied in the Tianjin Harbor, so long as it suits the conditions of the latter, Wan Li said.

Present at the meeting were Ni Zhifu, secretary of the Tianjin Municipal Communist Party Committee, Zhang Ziavang, chairman of the Standing Committee of the Tianjin Municipal People's Congress, and Li Ruihuan, mayor of Tianjin.

XINHUA DIRECTOR SPEAKS ON HONG KONG MEDIA, FUTURE

HK310849 Beijing XINHUA Hong Kong Service in Chinese 1313 GMT 30 Dec 84

["Text of Xu Jiatao's Speech at Tonight's Reception for Hong Kong Media" -- XINHUA headline]

[Text] Hong Kong, 30 Dec (XINHUA) -- Ladies and Gentlemen: On the eve of the new year, it is highly gratifying that we can get together with friends from Hong Kong newspapers, magazines, news agencies, radio stations, and television stations to say good-bye to the year and usher in a new one, to drink toasts and talk shop.

In the past year, Hong Kong has witnessed a major historical turn. To reflect the characteristics of this era, media friends have made tremendous efforts. Many friends moved back and forth between Beijing and Hong Kong busily gathering news. Many friends burned the midnight oil to assure the rapid dispatch of news. The efforts made by everyone allowed prompt reporting of the progress of the Sino-British talks, dissemination of the Chinese Government's general and specific policies, and reflection of the wishes and demands of Hong Kong compatriots. From a clear-cut patriotic stand, many newspapers, magazines, and radio and television stations through expressing their own opinions gave the public correct guidance and enlightenment. Every friend's work seems to have been scattered and unrelated. But all reports and views taken as a whole have served to reflect the microcosm of a great era in a factual and vivid manner. In a certain sense, they carry the significance of historical literature.

As media friends have a better idea of the truth of facts and know more widely what is in the people's minds, they also have a deeper understanding of the epoch-making significance of the Sino-British agreement. Everyone knows that Hong Kong is a problem left over from more than 140 years of history. In the spirit of friendly cooperation, mutual understanding, and mutual accommodation, with the over all situation considered and long-term interests borne in mind, the Chinese and British Governments successfully worked out and officially signed a joint declaration on the Hong Kong issue. They have made plans for the future of Hong Kong in line with the idea of one country, two systems. This has allowed a correct and rational settlement of this historical problem. This is of major significance and far-reaching influence in the contemporary history of China and in contemporary world history.

In the past year, Hong Kong compatriots have assumed a fervent and firm attitude ushering in a great turn in history. In the process of Sino-British talks, Hong Kong witnessed turbulence, embarrassment, and unease. But as soon as the joint declaration was made known, the overwhelming majority of people responded with an open and optimistic attitude and voiced their support for it. Given a clear-cut blueprint for Hong Kong's internal cohesion and its attraction toward the motherland has been strengthened. This represents intangible and yet powerful strengthened. This represents intangible and yet powerful strength. It will have a marked effect on various undertakings in the days ahead.

The conclusion of the Sino-British agreement has also further promoted the friendship between the Chinese people and the people of various countries, especially those of Britain. Misunderstandings between countries and between peoples often arises from some problems left over from history. Once such problems are solved, a brand new situation appears in the relations between the two countries and two peoples.

The British people's affirmation of the Sino-British agreement has laid a new foundation for friendly cooperation between the people of China and Britain. Praise for the Sino-British agreement from the United States, Japan the EEC and other countries has also created a new favorable atmosphere for enhancing friendship between the Chinese people and people of various countries.

For these various reasons, I think that 1984 is a year that must be engraved in memory, a year that must be sent off in a cheerful spirit, and a year that deserves much attention in contemporary historians' writings.

In reviewing the historical experiences and achievements in 1984, I believe that we have still not forgotten the new starting point ahead of us.

With the Sino-British agreement officially taking affect in 1985, the period of transition will officially begin. Hong Kong will be headed for a new course thereafter.

The Sino-British agreement has won wide support and praise, because it agrees with the realities of Hong Kong and the interests of various quarters. The strict enforcement of the Sino-British agreement is not only the desire of the Chinese people but also that of the British people. It is of course especially the desire of Hong Kong compatriots. Maintaining a stable and prosperous Hong Kong is in the interest of the Chinese people and, foremost, in the interest of the 5 million-plus people of Hong Kong. It is also where Britain's interests lie. For the Southeast Asian region and for the whole world, this is also necessary. Hong Kong and the motherland are as close as flesh and blood. The motherland will definitely uphold the Sino-British agreement on the Hong Kong issue, taking care of and supporting Hong Kong and maintaining its social stability and economic prosperity. The overwhelming majority of Hong Kong compatriots love the motherland and love Hong Kong. Despite likely future setbacks, I believe that they will show ceaseless perseverance in their efforts to uphold the agreement and maintain Hong Kong's stability and prosperity. Hong Kong is also closely related to another part of the motherland -- Taiwan. Maintaining Hong Kong's stability and prosperity will also greatly benefit Taiwan. I similarly believe that the overwhelming majority of Taiwan compatriots and Taiwan people in Hong Kong will also be unwilling to see social instability in Hong Kong and setbacks for Hong Kong compatriots' lives, thus impairing their own interests. As an international financial and trading center, Hong Kong has close relations and shares closely related interests with Britain and other countries. I believe that the people concerned in various countries, and the people in British Government groups in particular, will show similar concern over Hong Kong's reality and its future and delight in seeing Hong Kong's progress and development. In our view, resolutely upholding the agreement and maintaining Hong Kong's stability and prosperity is dictated by the interests of various quarters and is the desire of the people of various countries.

The new year will usher in a new period in the history of Hong Kong. A new era, with everything changed, will begin. I hope that Hong Kong compatriots will further develop the spirit of loving the motherland and loving Hong Kong, increase internal unity, strengthen cooperation and mutual help and mutual accommodation with people in various circles of various countries, and make new contributions toward Hong Kong's lasting stability and prosperity.

To love the motherland and love Hong Kong, uphold the agreement, and maintain stability and prosperity -- this is our common goal in the days ahead. I hope that we will strive to realize it.

I take this opportunity to extend good wishes to all friends present! Good wishes to Hong Kong compatriots! Good wishes to Taiwan compatriots and Overseas Chinese! Good wishes to British friends and other international friends in Hong Kong! Now I propose a toast to another new historical year -- 1985!

COMMENTARY VIEWS HONG KONG DEVELOPMENTS IN 1984

HK011324 Beijing ZHONGGUO XINWEN SHE in Chinese 1043 GMT 31 Dec 84

[Commentary by ZHONGGUO XINWEN SHE correspondent: "1984 in Hong Kong in Retrospect"]

[Text] Hong Kong, 31 Dec (ZHONGGUO XINWEN SHE) -- The year 1984 has been a year of epoch-making significance for Hong Kong. In this year, Hong Kong brought an end to the history of the past century and opened a new turning point for the next half a century or so. In the Hong Kong's history, the significance of 1984 can be described as "inheriting the past and ushering in the future."

The feelings of the Hong Kong people turned from anxiety to joy this year. The Hong Kong people were indeed worried before July because they did not know about the status of the Sino-British talks. As the results of the talks were gradually disclosed by the end of July and in early August, the inhabitants here began to realize that the agreement to be reached between China and Britain considered the aspirations of the Hong Kong people and was advantageous to the future of Hong Kong, thus setting the people's minds at ease and dispelling their misgivings. When the Sino-British joint declaration was initialled in late September, the majority of the people greeted the birth of this document, which was closely related to their vital interests, easily and calmly. The formal signing of the agreement on 19 December further uplifted the people's optimistic feelings to a higher plane.

Following the initialing of the joint declaration, public and private organizations in Hong Kong conducted a series of public opinion polls, which indicated that the majority of people accepted the agreement. In addition, the stock market, which can reflect the stability of popular feelings, rose steadily. The Hang Seng Index topped 1,200 by the end of December, and exceptionally high record in the last 2 years. This shows that investors' confidence has returned and the people are optimistic about the future.

Nevertheless, public opinion here also shows that the problem of a lack of confidence among some people still exists. Although the people universally hold that the Sino-British agreement is better than expected, they doubt whether the agreement can be fulfilled in the future. This is quite normal because what is written on paper is not tantamount to reality. However, those people who know the inside story of the Sino-British talks hold that both China and Britain will strictly abide by the provisions of the agreement. Because this is an international agreement between two sovereign countries signed of their own accord, it has the binding force of law. No refusal to implement the commitments will occur as this would affect the country's reputation. The significance of the grand formal signing of the agreement by the two heads of state in Beijing was to declare to the world that the two sovereign states are determined to fulfill the various provisions and clauses included in the document.

Moreover, personages in industrial and commercial circles hold that China is now carrying out the economic reform and the modernizations program and its various policies have become increasingly open. In light of this trend, the status of Hong Kong, as a center for carrying out foreign trade and introducing foreign investment and science and technology, will be all the more important. Furthermore, the economic operating principles of the interior will gradually approach those of Hong Kong. Therefore, it is unnecessary to worry about the agreement's fulfillment.

With the satisfactory solution of the question of Hong Kong's future, the attention of the Hong Kong people has begun to shift to reform of the internal political system and economic development. Hong Kong Government authorities are carrying out the plan to reform the Hong Kong governmental system following the pattern of representative government. The Hong Kong Government issued its Green Paper in July and formally issued the White Paper in November. Observers here hold that the plan to reform the system of government will be advantageous to the stability and prosperity of Hong Kong and to the smooth transfer of sovereignty. The reform of the system of government is an arduous and complicated task, particularly because it should be coordinated with the basic law to be enacted by China and implemented after 1997.

Hong Kong's economic situation in 1984 was favorable on the whole. It is estimated that the economy this year will show an increase of 8 percent. Trade, which spurs the growth of the economy, will increase by over 30 percent. This year is possibly the first in the last 30 years that will show a favorable balance in visible trade. The situation was much better after the issue of the Sino-British joint declaration. The real estate market is tending to revive. A HK\$1.8 billion investment (the International Exhibition Center) and a HK\$4 billion huge development project (Whampao Garden) predicts that there will be a bright prospect for Hong Kong's economy in the future.

Hong Kong's economy also has the following two defects: first, a lack of investment in industry. The industrial machines used this year account for approximately HK\$4 billion. Compared with exports of Hong Kong goods totaling over HK\$100 billion, the rate of reinvestment is less than 4 percent, which shows that the amount is limited. Inadequate reinvestment will weaken Hong Kong's production potential and its market competitiveness, which will lead to serious consequences. Second, the overconcentration of the export market. The United States accounts for 50 percent. When the U.S. market declines, Hong Kong's economy has to suffer serious losses. How to give full play to the advantages of Hong Kong's economy and overcome its defects are problems which must be tackled in the future.

COMMENTARY ON RECOVERING HONG KONG SOVEREIGNTY

HK290614 Beijing ZHONGGUO XINWEN SHE in Chinese 1617 GMT 28 Dec 84

[Commentary by Zhang Suifeng: "Greeting Together the Historic Moment of Recovery of Sovereignty Over Hong Kong" -- ZHONGGUO XINWEN SHE headline]

[Text] Hong Kong, 28 Dec (ZHONGGUO XINWEN SHE) -- Following the formal signing of the Sino-British joint declaration on the Hong Kong question, a major part of public opinion in Hong Kong and Overseas Chinese communities has taken a positive attitude toward this historic event, and there is gratification over promptly wiping out the century-old humiliation of the Chinese nation resulting from unequal treaties. But Taiwan, on the other side of the strait, has given a flat response to this event.

What surprises us is that one of its English newspapers used such words as "the fall of Hong Kong" in its editorial when describing the 1997 agreement in which Britain has agreed to give up colonial rule and to return Hong Kong's sovereignty to China. Even our forefathers said that "though there may be quarreling at home, brothers should jointly resist foreign aggression." But today there are some people who prefer to see the motherland's territory being ruled by foreigners rather than being recovered by its compatriots, even though the people themselves are unable to be part of it. Such self-humiliating thinking is indeed incomprehensible.

Since China and Britain started talks on the Hong Kong question, the Taipei authorities have made some assumptions and have taken measures to deal with future changes in Taiwan-Hong Kong relations. Basically, however, all these proceed from the idea of "totally withdrawing" from Hong Kong after 1997. The authorities have even encouraged the flow of capital and qualified personnel from Hong Kong to Taiwan. This does not help maintain Hong Kong's prosperity and stability, which are the concern of the majority of Hong Kong people. Neither does this bring advantages to Taiwan.

At a recent consultative meeting held in Taipei by the "Economic Construction Committee of the Executive Yuan," some Taiwan financial experts have proposed different viewpoints on the authorities' assumption of "totally withdrawing." They hold: Hong Kong is an entrepot trade stronghold of Taiwan as well as a transportation and communications hub. It is quite difficult for Taiwan to find another place to replace Hong Kong after 1997. Neither is it possible for it to take over from Hong Kong the role of being the financial center of Asia. Therefore, they hold that after the change of the Hong Kong status in 1997, Taiwan should not terminate its trade relations with Hong Kong just because of political reasons. Neither should it easily give up its right of navigation and air passage in Hong Kong, nor easily withdraw its official organizations in Hong Kong.

The reason that the Taiwan authorities want to "withdraw" from Hong Kong after 1997 is because of its policy of refusing the "three exchanges" with the Chinese mainland. Even though this policy will bring suffering to the people who remain separated on mainland China and Taiwan, just as the Taiwan financial experts expect, this will simply be no good for Taiwan if the policy is carried out on Taiwan-Hong Kong relations.

On Taiwan-Hong Kong relations after 1997, Beijing has expressed that the Taiwan organizations can remain in Hong Kong as long as they do not practice the "two Chinas" policy. As the Beijing authorities have taken this broad-minded attitude, it is not necessary for the Taipei authorities to worry themselves. The Taipei authorities can take a relaxed attitude, greet together the historic moment of the recovery of sovereignty over Hong Kong, and jointly make this "pearl of the Orient" more beautiful.

SHANXI PROVINCE SIGNS CONTRACT WITH HONG KONG CO

HK311556 Beijing XINHUA Hong Kong Service in Chinese 0958 GMT 29 Dec 84

[Text] Hong Kong, 29 Dec (XINHUA) -- An agreement was signed in Hong Kong today between the China Resources (Holdings) Co. and Shanxi Province to jointly run the Hengshan Co. Ltd. in Hong Kong. The company engages in the import-export trade, economic cooperation, import of technology, and tourism.

Present at the signing ceremony were Bai Qingcai, vice governor of Shanxi Province and Zhang Jianhua, general manager of the China Resources (Holdings) Co.

Bai Qingcai told reporters: Trade between Shanxi Province and Hong Kong has developed rapidly. The volume of Hong Kong goods exported to Shanxi this year increased almost 100 percent over last year.

Shanxi Province is known as one of China's coal bases. Bai Qingcai pointed out: The province has workable coal reserves of over 880 billion tons, but presently the annual output is only 150 million tons. He hoped that foreign investors would cooperate with Shanxi Province in exploiting coal mines and making use of coal in an all-round way.

Bai Qingcai also pointed out: There are a number of scenic spots for tourists. They include the Yungang grottoes of the Northern Wei Dynasty, magnificent buildings of the Liao Jin Dynasty, and Wutai Shan, one of China's four sacred mountains of Buddhism. All of these are of high historical and artistic value and are potential resources for the development of tourism.

THAI OFFICIAL ON PRC VISIT, KIM IL-SONG'S REMARKS

OW281133 Beijing Domestic Service in Mandarin 1200 GMT 27 Dec 84

[Text] According to a XINHUA dispatch from Bangkok, Phichai Rattakun, Thai deputy prime minister, returned to Bangkok on 26 December by plane after concluding his visits to Korea, China, and Japan.

Talking with reporters at the airport, he said that there were great prospects for Thai-Chinese cooperation. Speaking about his impression of the China visit, Phichai said: China has made remarkable achievements in the four modernizations drive, which is progressing quite rapidly. Since China has had to speed up construction in all fields, it has offered Thai businessmen very good investment opportunities. China has kept its word and is a trustworthy country.

Regarding his visit to the DPRK, Phichai said that President Kim Il-song hoped that South and North Korea and the United States would meet as soon as possible so as to ease the present tense situation. Kim Il-song expressed the hope that South and North Korea would realize peaceful reunification by following the Hong Kong pattern of preserving their respective economic systems.

XINHUA VIEWS INDIAN POLITICAL SITUATION

OW011632 Beijing XINHUA in English 1617 GMT 1 Jan 85

["News Analysis: Prospects for Indian Political Situation (by Li Nan)" -- XINHUA headline]

[Text] New Delhi, January 1 (XINHUA) -- The past year was an eventful one for India, with the situation at home changing radically. Crises occurred here and there, particularly in the Punjab region. The action by the Indian Army in June against the Golden Temple in Amritsar led to the assassination of the late Prime Minister Mrs. Indira Gandhi at the end of October.

In its relations with neighboring countries, tension with Sri Lanka emerged in summer because of the Tamil problem. In Autumn, there were dark clouds over Indian-Pakistan relations and exchanges of fire once took place between Indian and Bangladesh border troops as a result of the dispute over the building of wire netting along the border.

The country's economic situation in 1984 was much brighter than the previous year, with production of some industrial and agricultural sectors reaching a record high. The output of grain reached 153 million tons and that of oil 25 million tons.

The assassination of Indira Gandhi pushed Rajiv Gandhi into the office of prime minister and, at the the same time, gave rise to a nationwide wave of sympathy for him. The Congress (I) Party won by an absolute majority the elections of the eighth lower house of the Indian Parliament late last month, which gave Rajiv Gandhi a strong government to control the situation across the nation and a favorable position in the Parliament. Although the election victory does not mean that a series of major problems India is facing can be easily settled, the taking office of a vigorous young prime minister does arouse new opportunity and hope.

Public opinion here points out that Rajiv Gandhi's policies would be directed at bringing about changes without the disruption of the inheritance. He keeps saying that everything will follow the policies carried out by his mother and the Congress (I) Party in years. But he also promised to form "a clean and efficient government." Some new young figures would be seen in the next Parliament session, government and the "brain trust" around him.

Rajiv Gandhi's top priority will be making efforts for the further stability of the situation at home and for the unity among the different religious sects. After his victory in the elections, he said once again that the Punjab issue was one of his immediate problems. The situation is urgent because the elections in the Punjab and Assam states will be held in May, 1985. A settlement of the Punjab and Assam issues and a relaxation in the conflicts among religious sects would contribute greatly to the stability and unity of the country.

As for external relations, the new government will make efforts to push forward the Non-Alignment Movement. It will continue to improve its relations with neighboring countries. Some fundamental problems in this respect cannot be solved overnight, but it is possible for India to keep a peaceful relations with neighboring countries.

Before and after the elections, Rajiv Gandhi repeatedly voiced a good and ambitious wish for a strong India among the world powers in the 21st century. For this objective the new government will meet many challenges from the elimination of poverty to wiping out corruption, and from building up economy to reforming education.

I. 2 Jan 85

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PRC INTERNATIONAL AFFAIRS
SOUTH ASIA

Together with the advent of the new year and the forming of a new Indian Government, all congratulations and comments from around the world, without exception, express best wishes to India.

ZHAO ZIYANG CONGRATULATES INDIA'S RAJIV GANDHI

OW311641 Beijing XINHUA in English 1631 GMT 31 Dec 84

[Text] Beijing, January 1 (XINHUA) -- Chinese Premier Zhao Ziyang today heartfully congratulated Mr. Rajiv Gandhi on his assumption of the office of the Indian prime minister and the formation of the new Government of the Republic of India.

In a message dated today Premier Zhao said: "We are pleased to note that, with the joint efforts of the Chinese and Indian Governments, Sino-Indian relations have visible improved and developed. I sincerely hope and believe that, during Your Excellency's tenure of office, the traditional friendship that has long existed between our two countries will be further strengthened and Sino-Indian friendly relations will develop to a new high." Premier Zhao wished the great Indian people fresh successes in the cause of building their country.

LI XIANNIAN CONGRATULATES PAKISTAN'S ZIAUL HAQ

OW271054 Beijing XINHUA in English 1037 GMT 27 Dec 84

[Text] Beijing, December 27 (XINHUA) -- Li Xiannian, president of the People's Republic of China, has sent a message of congratulations to Pakistan President Mohammad Ziaul Haq on his new tenure of presidency.

The message says: "Learning with pleasure that Your Excellency will continue in the high office of president of Pakistan through referendum, I wish to take this opportunity to extend to Your Excellency our cordial congratulations and best wishes on behalf of the Chinese people and in my own name.

"I believe that during your new term of office, the existing very cordial, friendly and good-neighbourly relations between China and Pakistan will grow in strength and develop still further. With the year of 1985 approaching, I wish the Islamic Republic of Pakistan prosperity and its people well-being. May Your Excellency achieve still greater successes during your new tenure of office."

FURTHER REPORTAGE ON NEPALESE DELEGATION IN PRC

Chen Muhua, Minister Sign Protocol

OW281235 Beijing XINHUA in English 1208 GMT 28 Dec 84

[Text] Beijing, December 28 (XINHUA) -- China will help Nepal build a highway, according to a protocol signed here this afternoon. The over 60-kilometer long highway will link Pokhara and Baglung in central Nepal. Chinese State Councillor and Minister of Foreign Economic Relations and Trade Chen Muhua and Nepalese Minister of Finance Prakash Chandra Lohani signed the protocol. They also signed the minutes of the first session of the China-Nepal Intergovernmental Economic and Trade Committee. The three-day meeting began here on Wednesday.

Tian Jiyun, Finance Minister Meet

OW281245 Beijing XINHUA in English 1210 GMT 28 Dec 84

[Text] Beijing, December 28 (XINHUA) -- Vice-Premier Tian Jiyun expressed the hope today that China-Nepal cooperation would grow considerably in the days to come.

In a meeting with a Nepalese Government delegation led by Minister of Finance Prakash Chandra Lohani, the vice-premier said that the two countries had traditional ties of friendship and cooperation. "The governments and peoples of both countries are devoted to the furtherance of their relations," he added.

Lohani told Tian that China had scored great achievements in the four years since his last visit here. He said that his talks with Chinese officials were very successful and that the documents they signed would further promote cooperation between the two countries.

Tian expressed congratulations on the success of the talks and the hope that trade between the Chinese region of Tibet and Nepal would be expanded. Lohani said that progress had been made in this regard during the talks. On behalf of Chinese President Li Xiannian, the vice-premier reiterated China's invitation to King Birendra of Nepal to visit China. Tian said that another visit by the king would greatly promote relations between the two countries.

XINHUA REVIEWS POLITICAL SITUATION IN BANGLADESH

OW201934 Beijing XINHUA in English 1918 GMT 30 Dec 84

["Year-end Roundup: Optimistic Signs Appear in Bangladesh's Political Situation (by Chen Anning and Wu Dingbao)" -- XINHUA headline]

[Text] Dhaka, December 30 (XINHUA) -- Certain signs of optimism have emerged in Bangladesh's political situation as some political parties have expressed willingness to accept President H.M. Ershad's proposal on holding parliamentary polls next April. The government has repeatedly announced election schedules for a transition from military rule to democracy, but the schedules had to be postponed owing to boycotts by opposition parties.

The present martial law government, which took over power in March 1982, announced in February that presidential and parliamentary elections would be held on May 27, 1984 to establish a democratic government. The proposed elections were opposed by two major opposition alliances of 22 political parties.

The opposition alliances organized general strikes and processions to boycott the elections on the ground that elections under the present government would only result in legitimizing the military rule in the country. They put forth a five-point demand, asking that martial law be lifted and parliamentary polls be held first.

After a dialogue with the opposition, the government announced on July 12 that only a parliamentary election would be held on December 8 to comply with its demand. But the two opposition alliances put something new into their basket of demands, declaring that they would go to polls only when a neutral government is formed to conduct the election.

The opposition's demand for forming a neutral government was directed against the Janadal (People's) Party founded in November 1983, which backs President Ershad's policies. About a dozen leaders of the party are in General Ershad's 24-member Cabinet.

To break the political stalemate, the government and the opposition had several rounds of private talks but all in vain. To press home their demand, the two alliances and the Islamic Fundamentalist Jamiat-Islami Party called a 24-hour nationwide strike on December 8 and started on the following day a non-cooperation movement of paying no taxes to the government.

Nevertheless, President Ershad on December 15 announced that parliamentary polls will be held next April and that some steps will be taken towards holding a free and fair election. The steps include:

- Abolition of posts and offices of local martial law administrators phase by phase;
- Partial restoration of jurisdiction of the supreme court;
- Resignation of political ministers from the Cabinet and non-participation in elections by seating ministers;
- Full withdrawal of martial law after the elected parliament is summoned; and
- Complete restoration of the suspended Constitution (1982).

Ershad urged the opposition to consider his proposal and take part in the future election. But the opposition parties insisted on observing a 48-hour nationwide strike on December 22 and 23, the sixth and the longest one in the year.

Considering the people's sentiments, some member parties of the two alliances said in their respective statements that the president's proposal was "acceptable."

The statements "contained signs of optimism regarding their participation in the polls," the newspaper said, adding that "a new political trend is emerging in the country."

CPC GREETES SWEDISH COMMUNIST LEFT PARTY CONGRESS

OW311658 Beijing XINHUA in English 1634 GMT 31 Dec 84

[Text] Beijing, January 1 (XINHUA) -- The Central Committee of the Communist Party of China (CPC) today warmly congratulated the Left Party (Communists) of Sweden on the opening of its 27th National Congress.

It says in a message to the Central Committee of the Swedish party: "The Left Party (Communists) of Sweden has a glorious history. For many years, it has upheld independence and waged unswerving struggles to defend and improve the living standard of the Swedish working class and people, safeguard world peace, and promote friendship among the peoples and the cause of human progress."

The message says: "We are very pleased to witness the new development of friendship between the Communist Party of China and the Left Party (Communists) of Sweden."

"We are convinced that the friendly cooperation between our two parties will be further consolidated and strengthened," the message says. It also expresses the CPC's sincere wish of success to the congress.

DALIAN SHIPYARD TO BUILD TANKER FOR NORWAY

OW311306 Beijing XINHUA in English 1224 GMT 31 Dec 84

[Text] Beijing, December 31 (XINHUA) -- The Dalian shipyard in Liaoning Province, northeast China, has won a contract for building a 115,000-ton shuttle tanker for a Norwegian shipowner, an official of the China Shipbuilding Industry Corporation said here today.

The contract was signed in Oslo yesterday between the Dalian shipyard and the Knutsen O'A'S Shipping of Norway.

The tanker, special for transporting offshore oil, will be built according to the convention of the Norwegian shipping register, with export credit loans from the Bank of China. It will be the first time for China to build such an oil tanker. It will be handed over to the owner in October, 1986. The shuttle tanker, with a single buoy mooring system, has special structures, involving complicated techniques to build.

Knutsen invited public bidding for building three such tankers. China is one of the three successful bidders among a dozen participating shipyards from Asia and Western Europe.

The Dalian shipyard, the largest in China, has won foreign orders involving more than 200 million U.S. dollars since 1980.

NEW AMBASSADOR TO TURKEY PRESENTS CREDENTIALS

OW281904 Beijing XINHUA in English 1836 GMT 28 Dec 84

[Text] Ankara, December 28 (XINHUA) -- New Chinese Ambassador to Turkey Zhan Zhiliang presented his credentials to Turkish President Kenan Evren today here. President Evren told the ambassador that Turkey and China have developed a good relationship of cooperation in the past years and have identical or similar views on many international issues. He hoped that the relations of friendship and cooperation will be further strengthened. Zhan Shiliang expressed China's sincere wish to strengthen its friendly relations with Turkey and promote economic and trade cooperation between the two countries. Turkish Foreign Minister Vahit Halefoglu was also present on the occasion. Zhan Shiliang arrived here on December 15.

RENMIN RIBAO REVIEW OF ECONOMY IN EASTERN EUROPE

HK310505 Beijing RENMIN RIBAO in Chinese 28 Dec 84 p 7

["Year-end Conversation in Writing" by RENMIN RIBAO editorial staff: "The Economic Situation in the Soviet Union and Eastern Europe Over the Past Year"]

[Text] Ding Yiewei (editor in the editorial department): The economic stabilization in the Soviet Union and Eastern Europe in 1984 is much better than in 1983. Most countries have overfulfilled their planned targets with regard to industrial growth rates. They have reaped better agricultural harvests with the exception of the Soviet Union.

The Soviet Union Has Increased Its Industrial Production, but It Has Had a Very Bad Harvest; Romania, Czechoslovakia and Poland Have Reaped Bumper Harvests, and the GDR and Bulgaria Have Boosted Their Industrial Production

The growth rate of the total industrial output value of the Soviet Union this year is 4.4 percent, which is slightly higher than last year. Since last January, more than 700 enterprises in the 5 industrial sectors of the Soviet Union have carried out experiments in economic reform with regard to the expansion of the decisionmaking power of enterprises. They have achieved marked results in this regard. For example, during the first 9 months of this year, various enterprises under the Ministry of Power Machine-Building increased their labor productivity by 7 percent over the same period last year. The experiments will be extended to some other departments such as metallurgy, chemical engineering, and so forth.

Due to abnormal weather, the Soviet Union has had another bad harvest of grain crops this year. It is estimated that the output of grain will only reach about 175 million tons. It has been reported that the Soviet Union has imported an amount of 46 million tons of grain in recent months.

This year, Romania, Czechoslovakia, Poland and other countries have reaped a good agricultural harvest, and their industrial production is also higher than last year. During the first 10 months of this year, it was reported that the economic growth rate of the GDR was 5.3 percent, which overfulfilled the planned target. During the first 9 months of this year, the growth rate of industrial output value in Bulgaria was 4.6 percent.

Czechoslovakia Has Produced Ample Commodities, and Has Basically Satisfied the Demands of the People; Poland Has Got Over Crisis and Its Economy Is Taking a Turn for the Better.

Zhou Xiangguang (editor in the editorial department): This spring, I visited Czechoslovakia and Poland. In Czechoslovakia, there is an ample supply of commodities in markets. The basic needs of people in their daily lives have been satisfied. Judging by the present situation, some factories have paid more attention to intensive production. They have stressed the increase of production under the prerequisite of economizing on raw and processed materials and cutting down energy consumption. Due to the fact that the price of imported oil has increased more than 10 fold, the focus of reform of the industrial structure has been shifted to sectors which consume less energy and raw and processed materials, especially the electronics industry which is a weak link in the country. The purpose in so doing is to enhance its export competitiveness.

With regard to the reform of the management system, although plans have been worked out, the reform is being carried out in a prudent way. It is now undergoing the phase of experiment. The situation of agriculture in the country is better. Last year a record harvest was reaped despite an exceptionally serious drought. It is obvious that agricultural reform characterized by the sharp reduction of the compulsory target, did play a certain role. In addition, the strengthening of the technical force in the rural areas and the constant enhancement of the level of mechanization have also produced considerable influence.

With regard to the economic situation in Poland, very often we heard people say that they have begun to "emerge from the bottom of the crisis." This is a prudent estimation. The economic situation is really turning for the better. In stores and shops there is an ample supply of daily necessities with the exception of certain commodities which are in short supply. The food supply has also been improved. This year Poland has sustained the growth of industrial production, and has reaped another bumper harvest in agriculture. All this is closely connected with the economic reform and measures adopted by the Polish Government to restore the order of production. However, when compared with the production level of 1979, before the occurrence of turmoil, there is still a gap in the present-day level.

Romania Has Worked Out Long-term Plans and Adopted Measures for Reform; A New Situation Has Been Created in the Reform of Economic Structure in Hungary.

Ding Yiwei: The 13th Congress of the Romanian Communist Party held in November this year adopted the 8th Five-Year Plan, and long-term general policy for economic development up to the year 2000. With full confidence, the Romanian people are working hard on all fronts for an all-round development of their socialist motherland.

This year Romania has adopted some new measures for the reform of economic structure. Its industrial production is progressing in the direction of specialization and intensification. Romania has also popularized the overall contract system. After adopting these measures, its industrial output value during the first 9 months increased by 6.2 percent over last year.

As far as agriculture is concerned, Romania put forth the slogan "New agricultural revolution." It has achieved certain results in mechanization of agricultural production, extensive use of chemical fertilizers and other farm chemicals, bringing all farmland under irrigation, and improving varieties of crops. Last August when we were visiting the country, we saw green and lush crops growing in the fields. It is reported that Romania has reaped a good harvest of grain, and its per capita grain output has exceeded 1 ton.

Luo Erzhuang (deputy director of the international department): Hungary is the first East European country to have carried out the reform of economic structure. I visited the country this year. As soon as I set foot on the soil, my first distinct impression was that Hungary has succeeded in bringing about a prosperous economy. Shops and stores in the capital and other urban and rural areas outside the capital sold all kinds of commodities, including clothing, daily necessities, food and other things which customers wanted to buy. I visited a food store in a small town near Oroshoza. Delicious fresh milk, meat, fowl, eggs and other things were displayed for sale in the spacious sales hall. Various kinds of vegetables in red, orange, yellow and green were really attractive. The cooking was superb and the price was cheap. All this reflected a fairly high living standard for the people.

I agree with the views aired by many people that the economic success of Hungary is, first of all, reflected in its agricultural production. The following figures are convincing: The per capita wheat output of Hungary ranks fourth in world; the per capita meat output is 138 kilos; the per capita output of domestic fowl is 5,72., which ranks first in the world; and the per capita output of eggs is 441, which ranks second in the world. The following are the figures on the per capita consumption of food: meat 74 kilos, cereals 112.7 kilos, and dairy products 174.4 kilos.

Tirelessly exploring the paths of reform is an important reason contributing to the economic success of Hungary. The Hungarian people believe that if the entire economy relies on the mandatory planning of the state and overconcentration of production, and negates the existence of the commodity and monetary relations, certain negative results are bound to occur. Under such circumstances, some departments will dispute over trifles, and lack vigor and vitality. Monopoly of production will thus occur and competition will be abolished. All this will impede technical progress and the enhancement of product quality. At present, Hungary is firmly and steadily carrying out reform in industry, commerce, and other fields. When I was in Budapest, I visited the (Pechier) integrated complex, which is well-known in Europe. Various plants under this integrated complex are "going their own different ways" so that they can "show their true worth like the eight immortals soaring over the ocean." I believe that the reform of economic structure carried out by our Hungarian comrades will bring about a new and flourishing economic situation.

Interests of the Member States of the Council for Mutual Economic Aid Are Taken Care of to a Certain Extent, and the Contradiction Between the Soviet Union and Other Member States Has Not Yet Been Solved.

Huang Bingjun (editor in the editorial department): The meeting of the Council of Mutual Economic Assistance held in Moscow last June was the most important summit meeting of the organization. Such a meeting has not been held during the past 15 years. At the end of the meeting, two documents were issued, including "a statement on the basic principle for further developing and deepening economic, scientific, and technical cooperation among member states of CEMA," and "a manifestation of safeguarding peace and international economic cooperation." Although the speeches made by various heads of governments have not yet been published, they were basically satisfied with the results of the meeting.

On the basis of compromise, the summit meeting of CEMA promised to take care of different interests of the countries concerned to a certain extent. As far as the Soviet Union was concerned, its purpose in attending the meeting was to show the "unity" of the "big socialist family," and to continue to implement the plan for "economic integration." The Soviet Union attained this objective. Other member states of CEMA also put forth their demands at the meeting, such as increasing the oil supply, changing the price system, expanding trade with the west, seeking more economic aid, and so forth. All these demands were satisfied in varying degrees.

However, with regard to the issue of energy supply, the contradiction between the Soviet Union and member states of CEMA has not yet been solved. As for the plan for "economic integration" keenly advocated by the Soviet Union, although East European countries agreed to re-affirm the plan in the documents they jointly signed, the implementation of this plan will encounter many difficulties in future because it involves the sovereignty and national interests of various member states.

XINHUA NOTES ALBANIAN PEOPLE'S ASSEMBLY ACTIONS

OW272000 Beijing XINHUA in English 1856 GMT 27 Dec 84

[Text] Tirana, December 27 (XINHUA) -- Albania's industrial output value this year increased by 3.3 percent but fell 5.2 percent short of the planned target.

Chairman Harililla Papajorgji of the State Planning Commission also told the sixth session of the current People's Assembly (parliament) yesterday that in 1984 some agricultural crops bore a good harvest despite terrible weather.

The three-day meeting from December 24-26 attended by top Albanian leaders including Enver Hoxha, Ramiz Alia and Adil Carcani approved the 1984 government report, 1985 national budget and the social-economic development program.

In the 1985 program, planned targets for various economic sectors are generally lower except the one for agriculture which represents a 17.7 percent increase over 1984. The national budget for 1985 is 9.25 billion lek (about 1.32 billion U.S. dollars).

The 1985 program calls for an increase of 6.2 percent in the total industrial output value, 16.8 percent in export volume and 4 percent in retail goods turnover volume.

To retail goods turnover volume rose by 3.9 percent in 1984 over 1983. 10,500 apartments have been set up this year.

1985 will be the last year of Albania's Seventh Five-Year Plan claimed to be the first five-year plan that has been implemented without foreign help.

To fulfill next year's program, Albania has decided to adopt measures to strengthen planning and discipline, practise economization, raise productivity, and improve labor organization and management.

The meeting also approved laws concerning management and circulation of goods and currency and on highways.

XINHUA REVIEWS EGYPTIAN DIPLOMACY IN 1984

OW311852 Beijing XINHUA in English 1831 GMT 31 Dec 84

["Yearender: Breakthroughs in Egypt's Diplomacy in 1984 (by Chen Peiming, Lu Shaoming)" -- XINHUA headline]

[Text] Cairo, December 30 (XINHUA) -- Nineteen eighty four has been a year of diplomatic breakthroughs for Egypt which returned to the Organization of the Islamic Conference (OIC), resumed diplomatic ties with Jordan and reexchanged ambassadors with the Soviet Union. With these achievements in its external relations, Egypt is expected to play a more significant role in the Middle East affairs in the coming year.

Because of its strategic position in the Middle East, Egypt has always been a focus of contention between the United States and the Soviet Union in that region. But Egypt claims it has its own objective and follows a peaceful non-aligned policy in international affairs. Egypt will never forsake its principles, while dealing with the two super-powers, a senior press source said recently.

Although it is not easy for Egypt to change the country's close political, economic and military relations with the United States, President Hosni Mubarak, has obviously made some efforts to keep a distance from the United States.

For example, in opposition to the United States' policy, Egypt has supported a just settlement of the Palestine problem and recognized the legitimate rights of the Palestinian people and the Palestine Liberation Organization (PLO).

The United States had hoped that Egypt would rally some moderate Arab states to help push forward the American-sponsored Middle East peace process, but Egypt insisted that the negotiations in the peace drive must be participated by Jordan and the Palestinians. Egypt also stressed that the Palestinian right to self-determination must be recognized and the reasonable demands of Israel and the Palestinians must be fairly handled. Egypt has also turned down a U.S. demand to establish military bases in Egypt.

On the other hand, Egypt attaches importance to the U.S. role in solving the Arab-Israeli conflict and believes that Reagan's proposal for the middle East peace talks "has some positive effects." It holds that the deadlock over the Middle East situation can only be broken by a solution acceptable to all parties concerned.

Egypt is now attaching special importance to relations with other Arab nations, regarding their unity as a precondition in meeting common external challenges.

In the 1983-84 fiscal year, Egypt attracted 500 million U.S. dollars of private investment from Arab countries, accounting for 57.3 percent of the country's total private foreign investment. It also obtained 1.071 billion U.S. dollars in low-interest loans from the Islamic and Arab Fund Organization in the first half of 1984. All these overtures to the Arab world will help Egypt in its independent tendency.

Ussamah al-Baz, Egyptian presidential advisor, said that "1985 can be a good year only if the relations among the Arab world embark on a normal road."

TANZANIAN PARTY LEADER MEETS PRC AMBASSADOR

OW011625 Beijing XINHUA in English 1449 GMT 1 Jan 85

[Text] Dar es Salaam, January 1 (XINHUA) -- Secretary General of the ruling Tanzanian Revolutionary Party Rashidi Mfaume Kawawa today expressed the hope to further friendly relations between his party and the Communist Party of China (CPC).

He said this during his meeting here with Chinese Ambassador to the country He Gongkai.

The Chinese ambassador conveyed to the secretary general books and stationery presented by the External Liaison Department of the CPC Central Committee to the Tanzanian Revolutionary Party.

Kawawa hoped that the two parties will further their cooperation and ties in the new year.

He Gongkai also conveyed an invitation from the CPC to the Tanzanian Revolutionary Party for sending a cadres delegation to visit China.

PRC RED CROSS DELEGATION ARRIVES IN ETHIOPIA

OW291951 Beijing XINHUA in English 1912 GMT 29 Dec 84

[Text] Addis Ababa, December 29 (XINHUA) -- A four-member delegation of the Chinese Red Cross Society led by its vice chairman, Madame Yang Chun, arrived here today with a batch of relief goods for the drought stricken victims in Ethiopia.

Arriving on the same plane is a ten-member medical team dispatched by the Chinese Government for relief work in Ethiopian drought hit areas.

The first batch of relief goods sent to the Ethiopian Red Cross Society by its Chinese counterpart include instant powdermilk, stewed beef and biscuits. The Chinese medical team has brought with it medicines and medical equipment with more to come in the near future.

The relief goods were immediately handed over to the Ethiopian side after the plane arrived.

Madame Yang Chun expressed deep sympathy and sincere solicitude for the drought affected people in Ethiopia on behalf of the Chinese Red Cross Society and people when they met with leading members of the Ethiopian Red Cross Society this afternoon.

XINHUA INTERVIEWS BOTSWANA PRESIDENT ON TIES

OW271452 Beijing XINHUA in English 1438 GMT 27 Dec 84

[Text] Gaborone, December 27 (XINHUA) -- President Quett Ketumile Masire of Botswana spoke highly of the satisfactory cooperation between China and Botswana and expressed the hope that "this cooperation would be developed more extensively."

In an interview with XINHUA on the eve of the tenth anniversary of the establishment of diplomatic relations between the two countries, he said, "We are very happy that we did establish diplomatic relations with the People's Republic of China." The two countries have found much in common in spite of the fact that they are placed so far apart geographically and they are so different in the size of population.

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Referring to political and economic cooperation between the two countries, he said that both have benefited a great deal from this cooperation, and it is his hope that the cooperation will continue to develop in the future.

On China's aid to Botswana's development projects, Masira said, "We certainly admire what the Chinese people are doing in helping the people of the Third World. We hope they will set an example for the other countries."

On the situation in southern Africa, he pointed out, "The South Africans don't seem to be packing to get out of Namibia. They have advanced one reason after another to explain why they can't get out of Namibia. None of these reasons has been acceptable to us, or the frontline states, or O.A.U. or U.N."

PRC, CANADA SIGN THREE COOPERATION DOCUMENTS

OW281156 Beijing XINHUA in English 1142 GMT 28 Dec 84

[Text] Beijing, December 28 (XINHUA) -- China and Canada signed three memoranda of understanding here this afternoon.

Two of the memoranda are on upgrading two agricultural institutes of higher learning in Heilongjiang Province, northeast China; and the other is on providing training in the operation and maintenance of satellite ground stations in China.

Pu Zhaomin, departmental director of the Ministry of Foreign Economic Relations and Trade, and Canadian Ambassador Richard Gorham signed the three documents on behalf of their respective governments.

DEATH OF CANADIAN 'FRIEND' RONNING NOTED

OW010953 Beijing XINHUA in English 0647 GMT 1 Jan 85

[Text] Ottawa, December 31 (XINHUA) -- Chester Ronning, an old friend of the Chinese people and former Canadian diplomat and Far East expert, died early this morning in Camrose, Alberta Province, at the age of 90.

Ronning, born in Fancheng, now the city of Xiangfan of Central China's Hubei Province on December 13, 1894, was a famous Canadian diplomat and China expert. He had worked in China as a missionary and educator. He was an old friend of the late Chinese Premier Zhou Enlai. After the founding of the People's Republic of China, he visited China several times and wrote a book on China's achievements in its socialist construction.

He had been honorary chairman of the Montreal Committee in Solidarity With Kampuchea and attended many international conferences.

MEXICAN SENATE DENOUNCES U.S. REGIONAL POLICY

OW311040 Beijing XINHUA in English 0820 GMT 31 Dec 84

[Text] Mexico City, December 30 (XINHUA) -- The Mexican Senate yesterday denounced the U.S. policy toward Central America and reaffirmed its support for the Contadora Group's efforts in seeking a peaceful solution to the region's crisis.

In an analysis report on the country's foreign policy, the Senate said that the solution the Mexican Government has been seeking for is one which should strictly respect the sovereignty and independence of every country and reflect the reasonable aspiration of the fraternal countries in the region.

The report said, Mexico, member of the four-country Contadora Group, has differences with the United States over the policy toward Central America. "The United States tries to solve the Central American problem by means of force and military pressure," but Mexico calls for reconciliation between the parties concerned through diplomatic negotiations, the report noted. The report said, although the United States has not completely rejected the peaceful mediation by the Contadora Group, it has not at all given up its practices of imposing economic and military pressure on the region.

The report said that the peace efforts made by the Contadora Group so far has helped keep Central America away from a regional war.

DENG XIAOPING 22 OCT ADVISORY COMMISSION ADDRESS

OW312214 Beijing XINHUA Domestic Service in Chinese 0734 GMT 31 Dec 84

["A Talk by Deng Xiaoping at the Third Plenary Session of the Central Advisory Commission on 22 October 1984" -- XINHUA headline]

[Text] Beijing, 31 Dec (XINHUA) -- I think the current party Central Committee is a mature one, capable of handling all types of problems quite properly. Foreign newspapers and journals invariably say that I have played a certain role in it. I agree, but the main work has been accomplished by other comrades. I have indeed put forward some ideas, but it is those comrades who do the actual work who have handled problems and complex matters in an orderly manner. For instance, the "Decision on Reform of the Economic Structure," just adopted by the 3d Plenary Session of the 12th CPC Central Committee, has evoked strong response. Everybody says that it is a document of historical significance. I have not contributed one single character to this document, and I have not changed one single character in it. It is nevertheless a very good document. The actual situation is also like this. Don't publicize that the role I have played in it is so important. Such publicity will create a problem that people will think that our policies will change after Deng Xiaoping dies.

At present there is such a worry among foreign countries. There are also some persons who do not think the policies will change as long as Hu Yaobang and Zhao Ziyang live. This is rather good thinking. However, Comrade Yaobang is already 69 and Comrade Ziyang 65, both pushing 70. We want to explain to the world that no one can change our present principles, policies, or strategies. Why? Because facts prove that they are correct. The people will not approve any change, because it will cause losses to the country and the people. We say that the current policies are effective, because our country has become prosperous, the people's living standards have indeed improved, and our country has enjoyed higher prestige in the world. This is most important. The policies yielded effects first in rural areas. Our rural policies will not change because any change will immediately lower the living standards of the 800 million peasants and will meet with their opposition. There are still several tens of millions of people in the countryside who have not yet completely solved their food and clothing problems, but their livelihood is much better now than before. The central authorities have already made arrangements to help those poor localities develop themselves. Now, the state has had a free hand to help those few localities, as the overwhelming majority of regions in China have become better off. This problem is not hard to solve because those localities can get help not only from the state, but also from other localities that have become better off. Our practice shows that the policies will not change in our generation, including Comrades Yaobang and Ziyang, nor will they change in the periods of the third, fourth, and the fifth echelon. It is impossible for them to change. In recent times I have always told foreign guests that the policies will not change and the continuity of current policies is reliable. Nevertheless, they still are not fully convinced. This is a very big problem. I have become aware of this problem. Therefore, I am keeping my work to a minimum. My minimum-work attitude has the following advantages: First, I can live longer. Second, they are doing good work when I reduce my work load. I should say that these comrades are energetic and can do even better than I. I hope that I can be fully relieved of my work gradually and keep myself in good shape. Then, my duty will be accomplished.

At present I think that I still have to do some work. I did only one thing last year -- combat criminals. This year I did two things: One was the further opening of 14 cities; the other was the settlement of the Hong Kong issue with the "one country, two systems" formula. Other things were done by others.

"One country, two systems" was presented by taking account of China's realities. China is faced with a Hong Kong question and a Taiwan question. There are only two ways to settle the questions: through negotiations, and by force. To achieve solution through peaceful negotiations, the solution should be acceptable to all parties concerned. The Hong Kong question should be acceptable to China, Britain, as well as Hong Kong residents. What is considered acceptable? In the case of Hong Kong, using socialist ways to change Hong Kong is not acceptable to all parties concerned. I noted in my talks with foreign guests that in solving international disputes, it is necessary to take into account the new conditions and new problems, and work out new methods. "One country, two systems" was presented in accordance with our realities, but it can be extensively applied in other international issues. Many international disputes will become points of eruption if they are not properly settled. I wonder if we could apply the method of "one country, two systems" in some places, and the method of "joint development" in other places. There is a method of "joint development" in addition to the method of "one country, two systems." We Chinese advocate peace and hope to settle disputes in a peaceful manner. What kind of peaceful manner is that? It implies "one country, two systems" and "joint development." These two are said to be new and meaningful concepts.

The solution of the Hong Kong question does not imply that we who participated in the negotiations have special talents. It is attributed primarily to the fact that in the past few years our country has developed into a flourishing, capable, and trustworthy country. We are a people of good faith and we mean what we say. After the downfall of the "gang of four," particularly after the 3d Plenary Session of the 11th CPC Central Committee, some really encouraging changes have taken place. We have changed our country's image. In the past 5 years and more our country has undergone great changes. The people at home and abroad have clearly noticed this. We can be proud of this. Of course being proud is different from being arrogant. We should not be arrogant, nor should we boast. After all, we are still backward. However, things have shown that we have a very promising future indeed. This is indicated in the solution of the Hong Kong question. Of course, the solution of the Hong Kong question can be attributed to the correctness of the fundamental principle and strategy of "one country, two systems" as well as to the common efforts of the Chinese and the British sides.

The solution of the Hong Kong question will have direct impact on the Taiwan question. The method of "one country, two systems" should be acceptable to them. Chiang Ching-kuo called for reunifying China under the "Three Principles of the People." Is this realistic? The thing that you call the "Three Principles of the People" was practiced in China for 22 years from 1927 to 1949. What became of China then? "The Chinese people have stood up." Since when? Since 1949. It was socialism and the Communist Party that enabled the Chinese people to stand up. Using the method of "one country, two systems," you will not engulf me, nor I you. Is this not good? Recently a foreigner asked me if the Taiwan question is the same as the Hong Kong question. I said that it would be more lenient. By "more lenient," I meant that, apart from the fact that these provisions for solving the Hong Kong question are applicable to Taiwan, Taiwan is allowed to retain its own Armed Forces. A few days ago I spoke again with another foreign guest about the Taiwan question. I said: We insist on solving the Taiwan question in a peaceful manner, but we do not renounce nonpeaceful means to achieve reunification with Taiwan.

Back to the question of economic construction at home. At the beginning I said that our current central authorities are carrying out their tasks in an orderly and sound manner. The overall situation is fine. The "Decision" notes that the political stability and unity has been further consolidated. Is it not the case? Indeed it is.

Looking back at the entire history of our party, how often did we find ourselves in such a fine political situation? In my talks with foreigners I said something very bold: The goal of quadruplication can be accomplished. We did not dare to say that in the past. We used to say that quadruplication can be accomplished, but that it takes a great deal of effort. In 4 years the major production targets specified in the Sixth 5-Year Plan were fulfilled in 3 years. This year's plan will also be overfulfilled. We used to say that, if the average growth rate in the first 10 years were 6.5 percent, and if the average growth in 20 years were 7.2 percent, the goal of quadruplication could be attained. It seems that the momentum we gained during the first 10 years may have surpassed 7.2 percent, since we registered a nearly 8 percent increase during the first 3 years.

Quadrupling China's gross annual value of industrial and agricultural production is of a great significance. It means that by the end of this century, China's GNP will reach \$1 trillion. By that time China will be in the front ranks of the world's countries in terms of GNP, instead of per capita income. If reflected in the people's livelihood, this \$1 trillion GNP will bring us to a level which we may call comparatively well-off. If reflected in our national power, we will become a relatively strong country. This is because by that time, if we use 1 percent of our GNP for national defense, it will amount to \$10 billion and if we use 5 percent, it will amount to \$50 billion, provided that our GNP reaches \$1 trillion. We can do a lot with \$10 billion, and improving some of our equipment will be an easy job. If we use 1 percent of the GNP for science and education, we can set up many universities, and we can allocate more resources to do such things as eliminating illiteracy. Investment in intellectual development should by no means be limited to 1 percent. At present we have too many problems to tackle, and it is very difficult to somewhat increase our outlays for education and scientific research. By the end of this century our people's livelihood will be relatively well-off, which means a much better situation than at present. Last year I went to Suzhou. Suzhou Prefecture's total annual value of industrial and agricultural production had approached \$800 per capita. In terms of the GNP, it amounts to \$400 per capita. I acquainted myself with the living standards in Suzhou. First, in Suzhou people do not try to move to Shanghai or Beijing. Perhaps people in a large part of Jiangsu do not try to move to other places but are content to live there. Second, each person had an average of 20 square meters of floor space for housing. Third, education had become universal. People use their own money to promote education. Fourth, people had not only solved their food and clothing problems but had also solved most of the problems related to home appliances, such as television sets and other major household appliances, which had become popular. Fifth, there had been a great change in people's mental outlook. Violations of law and discipline, criminal activities, and other offenses had sharply declined. There were other things I cannot remember. But even these changes are really something! At present efforts will still be made to constantly crack down on criminals. If we truly achieve our goals by that time, people's mental outlook will be different. Material things are the foundation. Along with improving the people's material life and the raising of their cultural levels, their mental outlook will undergo a significant change. Our crackdown on criminal activities is necessary, and we intend to continue it. However, we cannot resolve the fundamental issue by relying on this means alone. To truly resolve the fundamental issue we need to quadruple the gross annual value of industrial and agricultural production. By that time we shall obviously still need to carry out education work and the work concerning people, which can never be dispensed with. However, this is the foundation, and it will be easier to do the work on this foundation. We may boldly say that quadrupling the gross annual value can be achieved. If this goal is achieved, what will the political situation be then? I think it will definitely be one of true stability and unity. At present we describe it as becoming more stable with each passing day. By that time, China's international influence will also be quite different, and our country's power will become truly strong.

Therefore, in the next 20 years, we must immerse ourselves in hard work and arduous struggle. There are 16 years before the year 2000. We must make an all-out effort and work wholeheartedly.

Quadrupling China's gross annual value of industrial and agricultural production has another important meaning. It means another new starting point. Within 30 to 50 years we will be close to the level of the economically developed countries in their production quality and living standards, not in their system. This is something possible, conceivable, and attainable. During recent conversations with foreign visitors, I was asked: Why did you say that Hong Kong would remain unchanged for 50 years? What do you envision? I replied that the reason for the question is that, after quadrupling the gross annual value of industrial and agricultural production before the end of this century, we have another new objective, that is, to work for another 30 to 50 years to be close to the level of the economically developed countries. Why did we say that Hong Kong would remain unchanged for 50 years after 1997 and that the policy to induce foreign capital and to open to the outside world is a long-term policy, which, if carried out in Hong Kong, will continue for at least 60 to 70 years? It is because our goal to quadruple China's gross annual value of industrial and agricultural production and the objective beyond this goal are inseparable from the policy of opening to the outside world. It would be easy to explain this question from a specific aspect.

At present our country's foreign trade volume is some \$40 billion. If we were to close our door to the outside world with such a small foreign trade volume, how could we quadruple the gross annual value of industrial and agricultural production? You can easily understand the question from this aspect. Of course, there are other aspects. When our gross national product reaches \$1 trillion, what are we going to do with our products? Should they all be sold domestically? Are we going to manufacture everything we need? Don't we have to purchase some things from abroad and sell some of our manufactured goods to the outside world? This is why we said that without implementing the policy of opening to the outside world, it would be difficult to quadruple the gross annual value of industrial and agricultural production and even more difficult to achieve progress after the goal is fulfilled.

Foreigners worry that our open policy may change. I said that it will not change. I said: From now until the end of this century is a stage in our fighting goal. We have another fighting goal beyond this century, which will take 30 to 50 years, or for sure 50 years. Within these 50 years we will adhere to the open policy. Any country that closes its door to the outside world cannot achieve progress. We underwent this bitter experience and so did our forefathers. Chengzu of the Ming Dynasty was a rather open emperor who dispatched Zheng He to embark on an ocean expedition voyage to the West. After Emperor Chengzu died the Ming Dynasty gradually declined and China was invaded by foreigners. Kangxi and Qianlong of the Qing Dynasty could not be called open emperors. China closed the country to international intercourse for more than 3 centuries from the middle of the Ming Dynasty to the Opium War, or for nearly 2 centuries from Emperors Kangxi and Qianlong. Hence, the country became impoverished, backward, and ignorant. In the First 5-Year Plan after the founding of the PRC, we opened the country to the outside world, but only to the Soviet Union and Eastern Europe. Later on, we closed the door and we did not make any progress. Of course, there were other factors, such as our errors, that attributed to our standstill. We must open to the outside world and the open policy will not hurt us.

Some of our comrades are afraid that evil practices may be introduced to the country. They are most worried by whether we will become capitalist. Perhaps, some of our veteran comrades have this worry. They are afraid of seeing capitalism suddenly looming up after having worked all their lives for socialism and communism, and they cannot stand such a sight.

No, nothing will be affected. It may bring along some negative factors. But it will not be difficult to overcome such factors if we are aware of them. Closing the country to international intercourse for another 50 years would definitely make it impossible to come close to the level of the economically developed countries. When we are close to the level of the economically developed countries with an annual income of several thousand dollars per capita, a new bourgeois class will not emerge because all the basic means will still be owned by the state and the public. There is nothing wrong with the country becoming powerful and prosperous and the people's material and cultural living standard being continuously improved.

During the last 16 years of this century, no matter how open we are, the economy based on the public ownership system will invariably remain dominant. In joint ventures with foreigners, there is still one half belonging to socialism. We take a greater part of the actual revenue of joint ventures. So don't be afraid. It is the state and the people, not capitalism, that receive the greater part of the benefit. Of course, there will definitely be some negative effects, but there are ways to overcome them. This document is good in that it explains what socialism is, and it contains some words not said by our forefathers — that is, some new words. In my opinion, the document has made the matter clear. In the past we could not write such a document. Were it not for the practice of the past few years, it would be impossible to write such a document. Even if we wrote such a document, it would be very hard to have it adopted. We have used our own practice to answer the several new questions that have arisen under the new circumstances. Didn't we say upholding the four basic principles? This document should be considered as a real effort to uphold socialism. Otherwise, it would be that "We would rather want the weed of socialism than the seedling of capitalism" as the "gang of four" did. Ideological emancipation is a task that our veteran comrades should do. What is gratifying is that comrades of the three organizations -- the Central Committee, the Central Advisory Commission, and the Central Discipline Inspection Commission -- all approve of this document and see the necessity and importance of issuing this programmatic document. This is a good document.

The "Decision" consists of 10 parts. Of most importance is Part IX, though the other parts are also very important, of course. Part IX can be epitomized as "respecting knowledge, respecting talented people." The crucial issue that determines our success or failure is whether we can discover talented people and apply them. Speaking in a more concrete way, some comrades in their 50's are pretty good now, but people who are around 50 will be 60 in 10 years. What we should do now is boldly use middle-aged and young cadres. In particular, Comrade Chen Yun pointed out the need to select young people in their 30's and 40's. This opinion is very good. After being selected and promoted, these young people can work for a rather long time. Although they are now incompetent for their jobs, they will become competent in a couple of years. They have comparatively clever brains. Next year the work of party rectification will touch the grassroots level and will be carried out in various units and enterprises. This is an extraordinarily great task. Success or failure of this task depends on whether we can discover a number of young people. This is because by the end of this century people who are now 30 years old will be in their 40's, and those who are now 40 will become only some 50 years old. As for the next objective, some people will also become old at that time. Our veteran comrades should give more advice [duo gu duo wen 1122 7357 1122 0795] on this question. They should emancipate their minds in this respect. It won't do if they do not emancipate their minds! It is necessary to persuade old comrades to vacate their posts, otherwise there will be no vacancies for young cadres. While our situation, as a whole, is characterized by stability and unity, this is a question rather with more knots to be solved, and also a question that has not yet been sufficiently resolved.

It doesn't matter if other questions of one kind or another appear. But failure to solve this question will lead to big problems and grave mistakes in the future. It is no easy task to have some middle-aged and old comrades vacate their posts, but this is a task we must do and a road we must take. Two years ago I said that I hoped to take the lead in retiring. I dwelt on this question the year before last. The Advisory Commission is a way of transition. In the final analysis, we have to set up a retirement system. The reason is that there are a definite number of posts, and moreover we have to improve the quality of our personnel and simplify our administration. If the old refuse to vacate their posts, the young will be unable to advance. If the young cannot advance, how can our undertakings be prosperous? In this regard, we should also follow the example of developed countries. Some Third World countries are also rather successful in solving this kind of question. Recently I have heard that in many countries most of the ministers are only around 30 years old. Though there are some older ministers, they are relatively few in number. The prime ministers may be older, but in general they are about 50 years old. When we had just come to the cities, we were young. At the time of nationwide liberation, I was only 45, and many comrades were even younger than I. At the end of 1927 when I assumed the post of secretary general of the CPC Central Committee for the first time, I was only 23 and was also a high official. At that time I knew nothing, but I could fill the post. To sum up, selecting young cadres is a major task of our Advisory Commission. (This talk by Comrade Deng Xiaoping was abridged when included in the book "Building Socialism With Chinese Characteristics.")

RENMIN RIBAO EDITORIAL OFFERS NEW YEAR'S MESSAGE

OW311956 Beijing XINHUA Domestic Service in Chinese 1446 GMT 31 Dec 84

[RENMIN RIBAO editorial: "Work Together With One Heart in Building the Four Modernizations -- 1985 New Year Message"]

[Text] Beijing, 31 Dec (XINHUA) -- A new annual growth ring is added to the tree. Advancing at a solid pace, the Chinese people ring out the year 1984 amidst great social transformation and ring in the year 1985.

Last year was the sixth year since the convening of the 3d Plenary Session of the 11th CPC Central Committee. During the past 6 years the political and economic situation in our country has become better and better year after year because, with more accurate assessment of the situation, we have perfected our policy and formulated better-conceived plans and more effective measures, enhancing our confidence year after year. Now, it is apparent to all that a new situation characterized by working with one heart and one mind in building the four modernizations has emerged in China and that, in full confidence, the Chinese people are marching toward the magnificent goal of building socialist modernization.

The 3d Plenary Session of the 12th CPC Central Committee, which was convened more than 2 months ago, adopted the decision on reform of the economic structure and initiated the restructuring of the economy, with the focus on the urban economy. We must achieve great results in the economic structure reform within 3 to 5 years and this year will be crucial. First, restructuring the economy, with the focus on the urban economy, will be the most important matter of all for this year; second will be formulating an outline for the Seventh 5-Year Plan; third will be continuing to carry out the party rectification; and fourth will be further readjusting leading bodies at all levels. These four important matters are aimed at one objective: to further liberate the productive forces in order to achieve the strategic goal of quadrupling the annual gross value of industrial and agricultural output before the end of this century, which was put forward by the 12th CPC National Congress.

Our overall interests lie in successfully carrying out the reform and accelerating the economic development so that the country can become powerful and prosperous and the people better off at a faster pace. In considering questions and doing things, any locality, department, or individual must proceed from the overall interests. It is necessary to support and encourage anything that benefits the people and the country. Even shortcomings and errors that were committed because of lack of experience or improper methods should be corrected with education and assistance and should never be bludgeoned. Anything that seeks the interests of an individual or a small group at the expense of the people and the country is called an evil practice and must be resolutely opposed. In order to unify the thinking and maintain unity with the central authorities, we must, first of all, solve the question of where the overall interests lie. Since the convening of the 3d Plenary Session of the 11th CPC Central Committee, we have proceeded rather smoothly in the work of all fields primarily because we have firmly grasped the key link of economic construction and borne in mind the fundamental starting point of making the country powerful and prosperous and the people better off, tolerating no interference to this key link and no deviation from this fundamental starting point. "Why is the ditch water so clear? It is because there is flowing water at the source." To build the four modernizations and benefit the people is the flowing source for revitalizing the Chinese nation. Interference in economic construction, which is a central task, and deviation from the starting point of making the country strong and prosperous and the people better off can only lead to an incorrect political orientation.

Building the four modernizations is as great as the magnificent undertaking of mopping up the old society and calls us to actively plunge into the practice of reform. Living during such a great social transformation, we must stand at the forefront of reform and never let our thinking stagnate. Stagnation means falling behind. Our thinking must progress along with the development of the situation, daring to make innovations in the course of practice, absorbing all Chinese and foreign advanced experience, doing away with old and decayed things, and changing concepts, systems, policies, and styles that are incompatible with the new situation. It is necessary to do things according to objective laws and blaze a new path by correctly assessing the new situation, summing up new experience, and solving new problems.

To effectively readjust the leading body is the key to doing a good job in the work of all fields. Without a good leading body to implement the blueprint for reform, party rectification, or modernization, the blueprint, no matter how comprehensive it is, cannot be turned into a magnificent reality. A pressing task for 1985 is to promote young cadres who have sound thinking and style and are capable and educated in line with the principle of making the ranks of cadres younger in average age, better educated, and more professionally competent and revolutionary. The new leading bodies must "discuss major issues, grasp the overall situation, and be familiar with the work of their own department." They must be skillful at work, fostering good practices and organizing the enthusiasm of the masses in creating the new situation and writing illustrious chapters in history.

It is an arduous pioneering task to build China into a modern socialist country with a high degree of material and spiritual civilization. Comrades of the whole party and the people of all nationalities in the country must work with one heart. It is necessary to further unite anything that is not harmonious or coordinated and concentrate our mind and efforts on one common objective so that our pace can become faster and our cause prosper.

CPPCC HOLDS NEW YEAR'S DAY PARTY IN BEIJING

Zhao, Others Attend

OW020607 Beijing XINHUA Domestic Service in Chinese 1134 GMT 1 Jan 85

[By reporters Xu Xinhua and Zou Aiguo]

[Excerpts] Beijing, 1 Jan (XINHUA) -- The CPPCC National Committee held a New Year's tea party at the hall on the third floor of the CPPCC auditorium this morning. Party and government leaders joined over 300 public figures in celebrating New Year's Day together, freely discussing the brilliant achievements scored on all fronts in the motherland, and expressing the determination to make the reform a success, revitalize the Chinese nation, and reunify the motherland.

Zhao Ziyang, member of the Standing Committee of the Political Bureau of the CPC Central Committee and State Council premier, attended the tea party and extended New Year greetings to its participants. He spoke of the economic structural reform for this year.

Yang Jingren, vice chairman of the CPPCC National Committee, presided over the tea party. Entrusted by Deng Yingchao, chairperson of the CPPCC National Committee, who is out of town on vacation, Yang Jingren extended New Year greetings to participants, wishing them a successful year, good health, and happiness to their families.

Xi Zhongxun, member of the Political Bureau and the Secretariat of the CPC Central Committee, spoke at the party. Together with other leading comrades of the party Central Committee and the State Council, he extended best wishes for the New Year to participants, as well as holiday greetings to Taiwan compatriots, compatriots in Hong Kong and Macao, and Overseas Chinese.

Responsible persons of all democratic parties, the All-China Federation of Industry and Commerce, and the All-China Federation of Taiwan Compatriots, and representatives of nonparty democratic personages also spoke at the party.

Qu Wu, vice chairman of the Central Committee of the Chinese Kuomintang Revolutionary Committee, said: The past year left an illustrious chapter in the history of our country. Currently, harmonious and prosperous scenes are seen everywhere in our great motherland. We are full of confidence and pride in our future. I would like to take this opportunity to extend New Year greetings to my old friends and colleagues, and people of various circles in Taiwan. I hope that the Taiwan authorities will contribute to the ultimate accomplishment of the great undertaking of motherland reunification, in accordance with the proposal for "one country, two systems."

Chu Tunan, vice chairman of the Central Committee of the China Democratic League, spoke on educational reform and implementation of the policy on intellectuals.

Hu Ziang, vice chairman of the Central Committee of the China Democratic National Construction Association, and chairman of the All-China Federation of Industry and Commerce, said: All association and federation members should conscientiously study, and implement, the decision of the 3d Plenary Session of the 12th CPC Central Committee, raise the understanding, enhance the confidence, harness our enthusiasm, initiative, and creativity, and bring into full play each one's specialities and strong points to make new contributions to promoting economic structural reform, and accelerating the building of the four modernizations.

Miao Yuntai, a nonparty democratic personage, said: Since the 3d Plenary Session of the 11th CPC Central Committee was convened, China has enjoyed growing international prestige as a result of political stability, unity and steady economic development in the country, in particular, the achievements in the past year. This is the best time since the founding of the country.

Lei Jieqiong, vice chairman of the Central Committee of the China Association for Promoting Democracy, said: Economic structural reform is a great action taken by the people, under CPC leadership, to build socialism with distinctively Chinese characteristics. It is a correct policy decision, which has the support of the people and conforms with the popular feeling and the condition of the country.

Zhou Gucheng, vice chairman of the Central Committee of the Chinese Peasants and Workers Democratic Party, spoke on the proposal for "one country, two systems."

Huang Dingchen, chairman of the Central Committee of the China Zhi Gong Dang, stressed the important role of Overseas Chinese and of the compatriots in Hong Kong and Macao in implementing the policy of opening to the outside world, invigorating the domestic economy, and accomplishing the modernization drive.

Zhou Peiyuan, vice chairman of the Central Committee of the Jiusan Society, discussed the reform of the scientific and technical system in China.

Su Ziheng, chairman of the Taiwan Democratic Self-Government League, extended warm greetings to all kinsmen in Taiwan and Taiwan compatriots residing in various parts of the world. He pledged to do his utmost for the opening to the outside world, reform, the modernization drive, and reunification of the motherland.

Lin Liyun, president of the All-China Federation of Taiwan Compatriots, said: Taiwan's return to the embrace of the motherland is more and more becoming the common aspiration and conviction of the 19 million Taiwan compatriots.

Present at the party were Ulanhu, Wang Zhen, Yang Shangkun, Qiao Shi, Liu Lantao, Lu Dingyi, Cheng Zihua, Xu Deheng, Peng Chong, Bainqen Erdini Qoigyí Gyancan, Yan Jici, Rong Yiren, Tian Jiyun, Kang Keqing, Wang Kunlun, Qian Changzhao, Dong Qiwu, Yang Chengwu, Xiao Hua, Chen Zaidao, Lu Zhengcao, Burhan, Wang Guangying, Ye Shengtao, Miao Yisheng, Liu Jingji, Standing Committee members and members of the CPPCC National Committee, responsible persons of all democratic parties, the All-China Federation of Industry and Commerce, and the All-China Federation of Taiwan Compatriots, as well as some NPC Standing Committee members in Beijing, public figures, and responsible persons of departments concerned.

Zhao Comments

OW011904 Beijing XINHUA Domestic Service in Chinese 1442 GMT 1 Jan 85

[Text] Beijing, 1 Jan (XINHUA) -- Speaking at a New Year's tea party held by the CPPCC National Committee today, Zhao Ziyang, member of the Standing Committee of the CPC Central Committee Political Bureau and State Council premier, said: The ongoing nationwide reform of the economic structure is a very important and thoroughgoing reform with a bearing on the future of our country. We must be firm and determined in the orientation of the reform, confident in its success, and prudent in adopting measures and methods to ensure its success.

Zhao Ziyang said: I hope that in 1985 the work on all fronts will be more successfully carried out and the situation in our country will be better than last year. This is the aspiration as well as the responsibility of the people of the whole country. He said: The "Decision of the CPC Central Committee on Reform of the Economic Structure" published by last year is an important matter which has aroused intense interest both at home and abroad. Reaction to the decision, in general, is good, holding that the orientation of our reform is correct and its conception reasonable and that if the reform is smoothly carried out, China is full of promise. The reform carried out in China can succeed. Of course, there are friends and comrades who call for prudence in carrying out the reform out of worry that reform of the pricing system is rather risky and holds the key to success or failure of the restructuring of the economy. Their worry is understandable. In view of this, we must be even firmer in the orientation of the reform and never waver in face of minor setbacks or confusion. At the same time we must be prudent in adopting measures and methods for reform and must, as Comrade Deng Xiaoping has said time and again, take one step and look around before taking another. In short, we must successfully carry out the reform and must not allow major blunders. In this regard, we must keep a cool head, which can only bring us benefit, not harm.

Zhao Ziyang said: This year will be the first year in implementing the decision on reform of the economic structure and will see the first battle in carrying out the overall reform. A principle observed by quite a few experienced strategists, ancient and modern, Chinese and foreign, calls for prudence in the first battle. In order to ensure the victory, it is necessary to win the first battle. Prudence in the first battle does not mean standing still, but means taking a valuable and significant step with good preparations and full assurance, while the required conditions are met. In my view, this will be the principle for carrying out the reform this year.

Zhao Ziyang said: Which reforms will be made in 1985 is a matter of concern for everyone. He said: A national rural work conference held by the CPC Central Committee recently called for bolder steps in reforming the rural pricing system. This is to say that the 30-year-long practice of the state having exclusive rights in purchasing and selling agricultural produce will be gradually abolished, that a more flexible policy toward agricultural and sideline products will be adopted, and that the scope of the role of market regulation under the guidance of the state plan will be extended while the state also actively participates in market regulation. This will be the second major reform in rural areas since the introduction of the contracted responsibility system with remuneration linked to output 5 years ago. Reform of the pricing system will also be carried out in rural areas first, where conditions are ripe. Adopting a more flexible policy toward agricultural produce will, in general, not cause prices to rise. This is what we have hoped but dared not do for many years. Now we are able to do it as conditions are ripe. This will be a good thing which will have a great bearing on further promoting the rationalizing of the agricultural structure, invigorating the rural economy, and restructuring the economy as a whole.

Zhao Ziyang said: We must also take action on the question of pricing in other fields, such as manufactured goods. This is to say that necessary price readjustment and reform should be carried out with regard to a limited number of industrial products in order to give an impetus to the rationalizing of the industrial structure without affecting the overall balance. At the same time we will reform the pay system for middle and primary school teachers and in state institutions in the fields of science, technology, culture, and education this year. Enterprises will also reform the wage system and make active efforts to link the income and welfare benefits of workers and staff directly with the enterprise's economic effectiveness.

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Zhao Ziyang said: Some comrades feel uneasy about price readjustment. Our readjustment and the reform of the pricing system should enable producers to increase income from their production, without adding burden on consumers and lowering their real purchasing power. In other words, the interests of both producers and consumers should be protected. As the state is facing an excellent situation, it is able to achieve this. We should carefully consider every question in taking every step in readjusting prices and reforming the wage system. He said: Due to insufficient education and propaganda work and lack of information, street gossip groundlessly predicts price increases in grain and TV sets. I believe that such gossip will disappear by this time next year. This time next year the people will see that an important and successful step in restructuring the economy has indeed been carried out in 1985. Winning victory in the first battle this year will further facilitate our work next year.

Xi Zhongxun Address

OW020630 Beijing XINHUA Domestic Service in Chinese 1154 GMT 1 Jan 85

[Text] Beijing, 1 Jan (XINHUA) -- Xi Zhongxun 1 January speech at the New Year's tea party of the CPC National Committee.

Friends and comrades:

Today is New Year's Day, 1985. As we have cheerfully gathered here to send off the old year and usher in the new year, we are happier than ever. In our country the government is functioning well and enjoying the support of the people, the economy is prospering, and every undertaking is in a thriving state. The great Chinese nation is in the third ascending era of this century. At this time when the people across the country are joyfully celebrating the new year, Comrades Zhao Ziyang and Ulanhu, some leading comrades of the party Central Committee and the State Council, and I have come to extend our New Year greetings to you. We also extend our best regards on this festive occasion to our compatriots in Taiwan, Hong Kong, and Macao as well as the Overseas Chinese in all parts of the world. We wish everyone a happy New Year!

In the past year we scored achievements which drew world attention. Our party successfully held the 3d Plenary Session of 12th CPC Central Committee and made the decision on reforming the economic structure, drawing up the program and blueprint for building socialism with Chinese characteristics. The first-stage work of party rectification proceeded smoothly and attained the expected goal by and large. The whole party was more clearly aware that the fundamental task in the socialist stage is to develop productive forces, and that success in achieving the four modernizations is a concrete manifestation of this fundamental task and is the greatest political work. In the meantime, its conduciveness to the fulfillment of this fundamental task was taken as a criterion for judging the success or failure of the work in every field. Practice testified to the fact that the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee are entirely correct and have the wholehearted support from the people throughout the country. Now we have made even bigger strides in opening ourselves to the outside world, and rich fruit has begun to appear as a result of our efforts to invigorate the domestic economy. Whether viewed from the political situation or in terms of the economic state, we are now in the best historical period since the founding of the People's Republic of China.

In the past year our country's independent foreign policy won new significant victories. Our country enjoyed very high prestige, and our friends were ever-increasing.

Through joint efforts, the Chinese and British Governments satisfactorily settled the Hong Kong question. This was a new example for solving complicated questions left over from history in a peaceful way, an event worthy of being prominently recorded in Chinese history.

All the achievements we have scored are a result of the efforts made by the people of (?all nationalities) to unite as one and work strenuously under the party leadership. These achievements are also inseparably linked with the sincere cooperation rendered by all democratic parties and nonparty democratic personages as well as all those with lofty ideals at home and abroad. All our friends and comrades, including those present here today and those who are not here, have made their contributions. I wish to show them my heartfelt respects and thanks!

Friends and comrades: Now that we are ushering in the year 1985, we have an even heavier task on our shoulders. Resolutely implementing the decision adopted at the 3d Plenary Session of the 12th CPC Central Committee and making a success of the economic structure reform with emphasis on the urban economy is the center of all our work. Reform represents a hopeful future for our whole country and people and, therefore, is closely concerned with every one of us.

For the purpose of smooth progress in reform, we should earnestly grasp several important tasks in addition to making scientific policy decisions on major questions in the reform and drawing up circumspect plans for the steps and measures to be taken and methods to be applied in carrying out the reform. First, continued efforts should be made to rectify the party so that all comrades in it will work more conscientiously to implement the decision of the 3d Plenary Session of the 12th CPC Central Committee. Second, we should further adjust the leading bodies at various levels by promoting those young cadres who have both ability and political integrity with remarkable work performance in the program of the four modernizations, who are truly capable of creating a new situation, and are allowed to take up the heavy tasks. Third, we should make a real effort to respect knowledge and talented people and do a good job of reforming our educational system and the system of scientific and technological work so that our education and our work of science and technology will still better serve the purpose of economic construction and the talent of the broad masses of intellectuals will be developed and exploited to the fullest extent. Fourth, we should map out an outline for the Seventh 5-Year Plan and see to it that our reform efforts bring about a more harmonious and healthier development of all sectors of our national economy. By successfully completing these important tasks, we will have a reliable guarantee for the success in reforming the economic structure in both urban and rural areas.

In the new year we will continue to strive for the return of Taiwan to the motherland and the accomplishment of the great cause of reunifying the country in line with the "one country, two systems" concept. You will not swallow up me, nor will I swallow up you. It is hoped that both the Kuomintang and the Communist Party of China will make their contributions to the Chinese nation. It is hoped that our compatriots residing on the mainland and in Taiwan will both make contributions to the Chinese nation.

Friends and comrades: We are shouldering the heavy tasks assigned by the people of all nationalities in the country. In the past years we have "treated each other with all sincerity and shared weal and woe," have worked in concert with one heart, and have carried out democratic consultations. Through our joint efforts, we have created today's new situation. We believe that in the new year we will undoubtedly cooperate more closely and pool our wisdom and efforts to achieve success in all big undertakings. Let us work hard together for the success of the reform, for China's ascending prosperity, and for the reunification of the motherland!

LEADERS' NEW YEAR'S DAY ACTIVITIES NOTED

OW011643 Beijing XINHUA in English 1627 GMT 1 Jan 85

[Text] Beijing, January 1 (XINHUA) -- Chinese leaders including Peng Zhen, Wan Li and Hu Qili spent a busy New Year's Day today inspecting some new projects in Beijing and Tianjin.

Premier Zhao Ziyang today attended and delivered a speech at a New Year tea party given by the Chinese People's Political Consultative Conference. He outlined the tasks for reforming China's economic structure in the new year.

82-year-old Peng Zhen, chairman of the Standing Committee of the National People's Congress, (?braving) the bitter cold, made an inspection tour of San Yuan overpass on the route from Beijing Airport to the city proper, the second-stage project of Beijing's underground railway and the newly-built Xiyuan Hotel. Peng Zhen who served as secretary, first secretary of the Beijing Municipal Committee of the Chinese Communist Party and mayor of Beijing for more than 17 years encouraged leading members of the Beijing People's Government to further emancipate their minds, do a good job in the present reform and make Beijing more beautiful.

Vice-Premier Wan Li and member of the Secretariat of the CPC Central Committee Hu Wili today took part in the inauguration ceremony for a new street of restaurants in downtown Tianjin. The street, completed last December 10, took only 100 days to build. It has four groups of three-story buildings housing 110 restaurants plus theaters, bookstores, shops, cafeterias and gymnasiums. Both Hu Qili and Mayor of Tianjin Li Ruihuan addressed the opening ceremony. Ni Zhifu, secretary of the Tianjin Municipal party committee, was also present.

ZHANG AIPING ENCOURAGES WEAPONS DEVELOPMENT

OW281234 Beijing XINHUA in English 1214 GMT 28 Dec 84

[Text] Beijing, December 28 (XINHUA) -- China's defense industry and related research institutes should shift their attention to economic construction while trying to develop all types of weapons existing in other countries. This was stated by National Defense Minister Zhang Aiping at the opening ceremony of a ten-day work conference of the Nuclear Industry Ministry here today. He urged the defense industry to develop equipment and technology for civilian use while forming close ties of coproduction with economic organizations.

In his report to the conference, Minister of the Nuclear Industry Jiang Xinxiong said it should be restructured to integrate production for military and civilian purposes. He also encouraged the industry to expand internal and external cooperation. His ministry earned 450 million yuan in 1984 by producing civilian products, transferring technology, designing, constructing and installing industrial projects, Jiang said. He added his ministry would focus its efforts on the construction of nuclear power plants, beginning with China's first plant with a generating capacity of 300,000 kw at Qinshan in Zhejiang Province, east China.

The ministry would also be responsible for building the nuclear islands and supplying fuel for several other plants to be constructed in south, east and northeast China, Jiang said. It would study new ways to utilize nuclear energy and popularize the use of reactors, isotopes and accelerators in economic departments, he added. He said that the ministry would also promote international technical exchange and cooperation and introduce advanced technology from abroad while trying to sell its products on the world market.

MILITARY COMMISSION SENDS NEW YEAR MESSAGE

OW012342 Beijing XINHUA Domestic Service in Chinese 0834 GMT 31 Dec 84

[Text] Beijing, 31 Dec (XINHUA) -- The People's Armed Forces Committee under the CPC Central Committee Military Commission sent a New Year message to all People's Armed Forces cadres, reserve personnel, and masses of militiamen throughout the country, stressing that the building of the militia and reserve service must also be subordinate to the overall situation in national construction.

The New Year message warmly praises People's Armed Forces cadres and militiamen for bravely fighting in towns and villages throughout the motherland and working hard to invigorate the economy and reinforce the reserve forces for national defense since the 3d Plenary Session of the 11th CPC Central Committee. Cadres of the People's Armed Forces and militiamen at Yunnan and Guangxi borders, in particular, have heroically taken part in the war, actively supported the front line, and coordinated with the PLA without fear of difficulties, hardships, and sacrifice of lives, making great contributions to defending the motherland's borders and the lives and property of the people.

The New Year message will be published in the January 1985 issue of ZHONGGUO MINBING [CHINESE PEOPLE'S MILITIA]. The message points out that the overall interests of the national construction are to successfully carry out the reform of the economic structure, with the focus on the urban economy, and to accelerate the pace of national economic development in order to achieve the fighting goal of quadrupling the country's industrial and agricultural output value by the end of this century. At the Military Commission forum in November 1984, Comrade Deng Xiaoping, chairman of the Central Military Commission, called on the whole Army to subordinate themselves to the overall situation of the country's construction, act in compliance with it, and dedicate efforts to it. The message stresses that this is the guideline not only for Army building but also for building the militia and reserve service in the new period. We must wholeheartedly subordinate ourselves to the overall situation of the country's construction, and, in accordance with the needs of the economic and national defense construction, effectively readjust militia organizations and reform education and training. At present, as the country is concentrating its efforts on economic construction, militiamen should be all means play a vanguard role in the task and actively participate in the building of the two civilizations.

The message says: While focusing our efforts on successfully carrying out economic construction, we should not forget to strengthen the building of national defense reserve forces. Especially when the country is retrenching the regular Armed Forces, it is necessary to do an effective job in building the reserve forces for national defense, and to develop our Armed Forces among the people so that with such precautions, the country can be free from danger. We must look at the work by the People's Armed Forces from the standpoint of the prosperity and development of the nation and the long-term stability of the country and make the building of reserve forces for our national defense a success.

The message says: The militia work is facing a number of new questions brought about by the urban and rural economic structure reform. The militia work must be in close coordination with the reform. It is hoped that the masses of People's Armed Forces cadres will emancipate their minds, boldly carry out innovations, encourage the militiamen to contribute to the four modernizations, build the militia work centered on the four modernizations, and break a new path for the militia work under the new situation.

PLA SENDS NEW YEAR MESSAGE TO BORDER GUARDS

OW020152 Beijing XINHUA Domestic Service in Chinese 0847 GMT 31 Dec 84

[Excerpts] Beijing, 31 Dec (XINHUA) -- The PLA General Political Department sent a message to the border guards stationed in Yunnan and Guangxi to extend New Year greetings and convey sincere solicitude and high consideration to the commanders and fighters on the front line defending the motherland.

The message says: During the past year you have resolutely carried out the instructions of the party Central Committee and the Central Military Commission, stood fast on the motherland's borders, resisted the attacks by the Vietnamese forces, recovered Lao Shan and Zheyin Shan, held fast, repulsed repeated counterattacks by the Vietnamese forces, successfully defended the security of the people of various nationalities in the border areas, and ensured the motherland's four modernizations drive.

The message says: During the fighting you have displayed the five kinds of spirit advocated by Chairman of the Central Military Commission Comrade Deng Xiaoping (revolutionary enthusiasm plus a death-defying spirit, the spirit of strict observation of discipline and self-sacrifice, the unselfish spirit of placing other people's interests before one's own, the spirit of conquering all enemies and overcoming all obstacles, and the spirit of adhering to revolutionary optimism and surmounting every difficulty to achieve victory), always kept a strong will to fight, conquered all difficulties and hardships, defied death with a heroic and indomitable spirit, set up numerous heroic examples, and created magnificent heroic deeds.

The PLA General Political Department's message expresses the hope that in the new year, all the commanders and fighters in front line of Yunnan and Guangxi will thoroughly study and carry out the guidelines of the 3d Plenary Session of the 12th CPC Central Committee and the forum of the Central Military Commission, resolutely and creatively implement all instructions of the Military Commission, raise the standard of commanding skills and military tactics, and guarantee to fulfill the honorable task of defending the motherland entrusted to the PLA by the party and the people.

NEW YEAR'S DAY, SPRING FESTIVAL CIRCULAR ISSUED

OW291445 Beijing XINHUA Domestic Service in Chinese 0947 GMT 29 Dec 84

[Text] Beijing, 29 Dec (XINHUA) -- The General Office of the CPC Central Committee and General Office of the State Council jointly issued a circular today on the 1985 New Year's Day and Spring Festival activities.

The circular said: New Year's Day and the Spring Festival are both major traditional festivals of the Chinese people of various nationalities. During these two festivals the broad masses always feel joyful about what they have achieved in the past year, and it is only natural for them to want to have some activities celebrating this time when the old year ends and the new one ushered in. In view of this, party, government, and Army leaders at all levels must enthusiastically support these activities and provide correct guidance.

On the basis of the instructions of the Central Secretariat and State Council, the circular made the following main point:

-- During the New Year's Day and Spring Festival period all units are expected to hold activities in their various ways to support the Army and give preferential treatment to the families of revolutionary army men and martyrs, support the government and cherish the people, and comfort the wounded and sick comrades, old retired comrades, and dependents of the deceased old comrades.

These activities will play a positive role in inspiring the national spirit, strengthening Army-people unity, and enhancing the building of socialist civilization both materially and spiritually. However, in organizing the previously mentioned activities, it is necessary to persist in the principle of practicing hard work, thrift, and economy. It is also necessary to advocate the new habit of "offering no more than a nice cup of tea" and guard against extravagance and waste. We must assure that, while the activities are lively in form and permeated with a warm atmosphere, they are as plain and simple as possible without being boastful. Actual effect, not formalism, should be stressed.

-- No department under the organs of the party Central Committee or the state organs should organize any large-scale joint celebrations. All localities and departments should refrain from giving receptions at each level.

-- Active efforts should be made to guide the traditional festival activities among the people. Promote sound, colorful, and diversified cultural and recreational activities and oppose feudal and superstitious activities that poison the people. Gambling should be strictly forbidden.

-- The work of safeguarding security during the festivals should be done well to maintain normal order in all activities that involve large numbers of people and to protect personal safety and the safety of public property.

COMMENTARY URGES PLA SUPPORT FOR ECONOMIC WORK

HK310854 Beijing Domestic Television Service in Mandarin 1100 GMT 30 Dec 84

[Station commentary: "The Work of the Armed Forces Must Be Subordinate to the Overall Situation of National Construction"]

[Text] Comrade Deng Xiaoping recently stressed at a PLA forum: The work of the Armed Forces must be subordinate to the overall situation of national construction and be closely coordinated with it. They must vigorously support the state in developing the national economy. This is an important component part of Army building in the new historical period.

There is a very close link between the development of the national economy and national defense construction. The building of the Armed Forces cannot be done separately from the state's economic construction. Modern national defense can only be built if there is powerful economic strength.

The PLA has always had a glorious tradition of supporting national construction. In particular, in recent years the Armed Forces have seriously implemented the relevant instructions of the CPC Central Committee and the Central Military Commission, and have taken part in over 10,000 large, medium-sized and small national and local construction projects including the diversion of the Luan He to Tianjin and the construction of Shengli oil field. They have been praised for this by the party and people.

As to how the Armed Forces should take part in and support national and local economic construction in the new situation, they should adopt a variety of methods in light of their actual circumstances. A certain PLA unit stationed in the Tianjin economic development zone has overcome difficulties and offered its own storehouses and premises to be run as joint ventures with the local authorities in the storage business. This is one method. As Comrade Deng Xiaoping has demanded, all units of the Armed Forces should proceed from reality, take advantage of their superior features, and adopt a variety of ways to support national construction.

The participation of the Armed Forces in national and local economic construction is also beneficial for promoting their own building. While taking part in economic construction, the cadres and fighters can also learn operational management and scientific knowledge, and strengthen their economic viewpoint. This will help the units in training dual-purpose talent.

At present we are in a new period in our economic construction. The party, government, Army, and people of the whole country, and all sectors and trades must wholeheartedly subordinate themselves to the overall situation of national construction and center all their work on this.

HU YAOBANG, YU QIULI VISIT NORTH CHINA OIL FIELD

OW011439 Beijing XINHUA Domestic Service in Chinese 1427 GMT 31 Dec 84

[By reporters Wang Qin and Li Xinrui]

[Text] Shijiazhuang, 31 Dec (XINHUA) -- On the eve of 1985 Hu Yaobang, general secretary of the CPC Central Committee, visited the north China oil field to extend his New Year greetings to the workers and staff of the north China oil field and their counterparts on China's petroleum front. He wrote an inscription "Create a New Atmosphere in the New Year" for the oil field. He was accompanied on the tour by Yu Qiuli, Political Bureau member of the CPC Central Committee and deputy secretary general of the Central Military Commission; Kang Shien, state councillor; and Tang Ke, minister of the petroleum industry.

The north China oil field is one of the major bases of China's petroleum industry. In the 9 years since it went into operation in 1976, it has produced some 110 million metric tons of crude oil and delivered to the state taxes and profits which amounted to 5.19 billion yuan, equaling 5.5 times the state investment. It's 1984 crude oil output of 10.20 million metric tons ranks third among China's oil fields. Since 1979, 1984 is a year in which the oil field discovered the most additional deposits, including 70 million metric tons of crude oil and 12 billion cubic meters of natural gas.

At 1540 on 30 December, Hu Yaobang and his party, accompanied by Gao Yang, Hebei provincial party committee first secretary, and Zhang Shuguang, provincial party committee secretary and governor, arrived in Renqiu, the command post of the north China oil field, in a station wagon. As soon as they got out of the car, they met with responsible persons and representatives of the workers and staff members of the oil field, and listened to the latter's reports on the construction of the oil field. They also inquired about crude oil deposit alignment, crude oil processing, prospecting equipment, technical exchanges with foreign countries, oil field management reform, and wages and income of the workers and staff members. On the morning 31 December Hu Yaobang and his party, full of zest, watched oil prospecting operations and visited "Earth Palace," an exhibition hall of geological materials. In the afternoon they attended and addressed a meeting of some 1,700 oil field cadres.

Hu Yaobang said: In 1984 all fronts in China made greater achievements than in 1983. The achievements were the results of efforts and progress made by the broad masses of cadres and people on all fronts in accordance with the correct principles and policies of the party Central Committee. Therefore, while we are celebrating the new year, we should give our heartfelt thanks to the comrades who are working hard on various fronts for China's four modernizations.

Hu Yaobang said: The 1.2 million workers and staff members on the petroleum front, displaying the pioneering spirit, are an excellent building force who are loyal to the party, the people, and the socialist motherland. You have heroically and persistently struggled for several decades for China's revitalization. You have built such a powerful petroleum front in China almost "from scratch," and you have not stopped your efforts. China's crude oil output reached a record 110 million metric tons this year, 8 million metric tons more than last year.

The Shengli oil field in particular produced 4 million metric tons more this year than last year. The Daqing oil field has also been successful. For 9 consecutive years its annual output has been as high as 50 million metric tons. The party Central Committee is satisfied with your achievements, and the people throughout the country are pleased and grateful to you.

I believe that in the new year, the comrades on the petroleum front will surely continue to take the lead in the four modernizations and attain your new objective of producing 124 billion metric tons of crude oil annually. As the workers of the petroleum industry, an important energy industry, every major development made by you will forcefully enhance the overall situation of China's four modernizations.

Yu Qiuli, Kang Shien, Tang Ke, Gao Yang, and Zhang Shuguang also spoke at the meeting.

During his stay in Renqiu Hu Yaobang held discussions with responsible persons of the Hebei provincial party committee, the Cangzhou and Langfang prefectural party committees, and the party committees of nine counties, including Renqiu, Guang, and Baxian Counties. They discussed the policies concerning the current rural economy which would soon be promulgated by the CPC Central Committee. The provincial, prefectural, and county leading comrades present at the meeting briefed Comrade Hu Yaobang on the good situation of Hebei Province in 1984. According to them, the total output value of village and town enterprises in 1984 reached 10 billion yuan, doubling the 1983 value. In 1984 the per capita income of 61 of the 140 counties (districts) increased by more than 100 yuan as compared with 1983. The per capita income of Langfang Prefecture, located between Beijing and Tianjin, also increased more than 100 yuan from last year. The people are comprehensively discussing and formulating plans to quadruple output values. The peasants are further developing commodity production and showing an unprecedented enthusiasm for working hard to become well-off. Hu Yaobang, Yu Qiuli and other comrades were greatly pleased to learn of the situation.

On the evening of 31 December Hu Yaobang and others watched a literary and art performance given by the workers and staff members of the north China oil field.

WAN LI SAYS PEASANTS NEED MORE INFORMATION

OW010933 Beijing XINHUA in English 0722 GMT 1 Jan 85

[Text] Beijing, January 1 (XINHUA) -- Wan Li, vice-premier of the State Council, asked to provide more information and general knowledge for the 800 million Chinese peasants, in an article carried in today's PEASANTS' DAILY. The vice-premier wrote that with the rapid development of commodity economy, producers and managers must have general and scientific knowledge of a certain level, and be well-informed, so that they can use the information to get better economic results. He emphasized that the paper must do it best to satisfy peasants' demands in this field, as people described that information meant vitality, resources and money.

Wan Li pointed out that there were a lot of information needed by the peasants. They involved important decisions and policies on rural work made by the central party authorities, results of economic and technical coordination in different places, the use and implementation of agro-technical knowledge, advanced techniques and managerial experiences, and the readjustment of production, supply and sales, as well as trends of the market. All these would serve the current transfer of China's traditional self-support and semi-self support agricultural production to modernized production.

WANG ZHEN ATTENDS PARTY FOR RETARDED CHILDREN

OW301309 Beijing XINHUA in English 1209 GMT 30 Dec 84

[Text] Beijing, December 30 (XINHUA) -- About 500 mentally handicapped children, accompanied by their parents, took part in a new year party at the children's center here today. The youngsters laughed merrily when the "New Year old man" came in to give them all presents of toy bricks, badminton rackets and sweets.

Wang Zhen, member of the Political Bureau of the Chinese Communist Party Central Committee, came to give his new year greetings to the children from 28 primary schools in Beijing, their teachers and parents. He urged teachers and parents to do their best to help the children. Better educational and recreational facilities should be provided.

The children played games and prizes were awarded. Entertainment included dances, acrobatics and magic.

The president of the All-China Women's Association Kang Keqing and one of China's leading physicists Zhou Peiyuan joined the children in their activities.

China has now more than 70 homes for physically and mentally handicapped children. Special facilities for educating them have been set up in many municipalities and provinces including Beijing, Shanghai and Jiangsu. More than 100 schools and many classes for mentally handicapped children attached to primary schools will open vocational courses next year to help the youngsters learn skills so that they can earn a living.

COMMENTATOR ON RESPECTING TALENTED BUSINESSMEN

HK310933 Beijing GUANGMING RIBAO in Chinese 19 Dec 84 p 1

[Commentator's article: "Are 'Those Who Are Good at Doing Business' Not Politically Reliable? -- Fifth Discourse on Respect for Talent"]

[Text] In respecting talented people, we must not be restrained by outdated ideas and conventions. This includes the idea of thinking that "businessmen" (those who are good at doing business) only know about earning money, but they are not politically reliable.

China is a country with a long history of feudal society. During this long period of time almost all feudal dynasties adopted a policy of "paying special attention to farming and little attention to trade." This not only curbed the development of commodity economy but also passed on the idea of despising trade from generation to generation. In order to develop socialist commodity production and enliven the domestic economy, we should break with the convention of discriminating against businessmen and despising those who are good at doing business.

To meet the needs of the new economic situation, large numbers of persons who are good at doing business have come to the fore in economic construction. By relying on the enthusiasm of the broad sections of workers and staff members and by exploiting modern science and technology as well as advanced managerial methods, they make unceasing efforts to reduce the production cost and seek new markets with a view to increasing state revenues, improving the welfare of workers and wholeheartedly serving consumers. They are really praiseworthy. As a matter of fact, they are a group of socialist businessmen and progressive elements keeping ahead of the times.

At the current stage those who persevere in the reform of the economic structure and can accelerate socialist modernization are politically reliable because they keep in line with the party Central Committee. On the other hand, those who cannot successfully direct enterprise production and operation and cannot achieve better economic results can no longer be leaders of enterprises. The so-called "upright officials" who are not corrupt but attempt nothing and accomplish nothing are no longer to be praised. Those who have the graceful bearing of self-indulgent old-style intellectuals, but feel ashamed to talk about money, can hardly meet the needs of the new economic situation. Our enterprises now badly need men of action who can always keep a clear head politically, have a correct understanding of party policies, have good professional knowledge and can exploit new sources of revenue and do careful budgeting of expenditures. They are the very people who expand all their energies on the development of enterprises, persevere in reform and enliven the economy so that enterprises can be filled with vitality. It is certain that people like them are politically reliable. They are trusted by the country and people to manage enterprises.

At a time when science and technology develop with each passing day and under the situation of keen trade competition, it is not easy for an enterprise to hold its ground and to develop. For this reason, enterprise leaders should have a fairly good ability to organize production and operation, have good professional knowledge, know more about commodities, know how to use market information, and can take pains to discover talented people and can train them well and use them properly. In recent years why were some enterprises able to make up deficits and increase their surplus? But some still suffered losses ever year, or some were on the brink of bankruptcy, or some were forced to shut down, suspend their operation, or merge with other enterprises, or switch to the manufacture of other products. Of course, there are many reasons for this situation. But the key to the problem is whether enterprise leaders can resolutely implement the party's economic policy and whether they can effectively organize and direct enterprise production and operation. Our country has a large number of enterprises, but it has too few people who really know about doing business. Today when the party repeatedly calls for respecting talented people, we should protect, trust, support and make proper use of the outstanding enterprise managers who have emerged recently. We should take immediate measures to train more young and new-type socialist business people so as to satisfy the needs of the ever deeper reform of the economic structure.

COMMENTATORS ENCOURAGE RESPECT FOR TEACHERS

RENMIN RIBAO Article

HK281506 Beijing RENMIN RIBAO in Chinese, 26 Dec 84 p 1

[Commentator's article: "When Teachers Are Respected, There Will Be Hope for the Four Modernizations"]

[Text] Last September Comrade Chen Yun read in this newspaper's Education Column an article entitled "A Phenomenon Worth Worrying About." (The article reflected the fact that few senior middle school graduates are willing to enter teachers' colleges.) He immediately pointed out: "We must pay attention to this problem. Our failure to guarantee the quality of the students at our teachers' colleges will have a great impact on the development of education in the and all aspects of the four modernizations. We should continue to think of some methods to help teachers, mainly middle and primary school teachers, solve some practical problems such as housing problems. We should continue to raise their social status in order to really make teaching one of the most respected and admired professions in society." Comrade Chen Yun's instruction fully embodies the great importance that the CPC Central Committee has attached to the vast number of teachers and the great concern that it has shown for them.

The job of teachers is to train people. Their work is very important, and their profession is very lofty. Attaching importance to education, respecting knowledge, and esteeming teachers is an important idea of Marxism. Lenin pointed out: "If we fail to raise the status of teachers, we cannot begin to talk about any culture, neither proletarian nor bourgeois culture," and "we should raise the status of the people's teachers in our country to such heights that would never be possible in a bourgeois society. This is a truth that requires no proof." Today, in the new period when the people of our country are carrying out the four modernizations program, respecting knowledge and respecting teachers has become even more important. The 12th CPC National Congress regarded developing education as a strategic key to the four modernizations. Recently Comrade Deng Xiaoping pointed out: What is most important in the programmatic document -- the "Decision of the CPC Central Committee on Reform of the Economic Structure" -- is its ninth clause on "esteeming knowledge and talented people." Comrade Deng Xiaoping's words again express the CPC Central Committee's esteem and concern for teachers. Our middle and primary school teachers are now training personnel for our country's construction to the end of this century and the beginning of the next century, and their work has a direct bearing on our country's future destiny and prospects. Their work should be respected and supported by the whole society.

Teaching ought to be the most respected and admired profession. However, because of the influence of "leftist" ideology, the social status of our country's vast number of teachers, in particular, middle and primary school teachers is low and so is the remuneration that they get, which does not match the labor that they expend in their work. This has seriously injured the enthusiasm of the vast number of teachers and hindered the development of education. During the past few years the party and government have adopted many measures to raise social status of teachers and achieved some good results. However, we have not yet radically put an end to the situation wherein teachers, particularly middle and primary school teachers, have a low social status. We are materialists and we know that without improving the material treatment enjoyed by our middle and primary school teachers, it will be difficult for us to really raise their social status and to make teaching one of the most respected and admired professions.

Now we are carrying out reform of the economic structure. Before the nationwide wage reform begins in an all-round manner, the CPC Central Committee and the State Council have decided to let the reform of the wage system of middle and primary schools begin earlier than others and to relatively sharply raise their wages beginning next January. This is a far-sighted and very popular strategic measure and will surely win the support of the teachers and the people throughout the country. When teachers are respected, the country will become prosperous. When the whole society respects teachers, there will be a brand new situation in education in our country and our magnificent cause of the four modernizations will be very hopeful.

Respecting teachers and raising their social status requires not only raising their wages, but also solving lots of other problems such as their housing problems. The party and state have to continue to make efforts to gradually solve these problems. Of course, as the financial resources of the state are limited, we should rely on the concern and support of the whole society and on the common efforts of all areas and departments. When all people have heightened their awareness and when they all really understand the significance of education and the work of teachers, they will think of some methods to solve these problems.

Our vast number of middle and primary school teachers shoulder heavy responsibilities. We are confident that they will certainly work with even greater enthusiasm in an even more conscious and creative manner in order to train a large number of qualified personnel to quadruple our country's gross industrial and agricultural output value by the end of this century and to make our economy take off in the next century.

XINHUA Commentator

OW280600 Beijing XINHUA Domestic Service in Chinese 0024 GMT 25 Dec 84

[XINHUA commentator's article: "Let Us Make the Teaching Profession a Most Enviably One"]

[Excerpts] Beijing, 25 Dec (XINHUA) -- In view of the problem that, in registering for college entrance examinations, few senior middle school graduates make the normal colleges their first choice, Comrade Chen Yun made an important point not long ago. He said: The problem merits attention. The quality of normal school students is a very important factor affecting not only future education, but the four modernizations as well. Ways must be found to help the teachers, mainly middle and primary school teachers, solve practical problems, such as housing. We must continually raise their social status, and gradually make teaching one of the most respected and admirable professions in society.

Comrade Chen Yun's view is very important. Currently, very few senior middle school students list the normal colleges as their first choice when registering for college entrance examinations. As a result, many of the freshmen admitted to normal colleges or schools are those who have failed the entrance examinations for other colleges and schools. Under these circumstances, it is very difficult for the normal colleges to recruit good quality students. Also, since many of these freshmen do not aspire to be teachers in the first place, how can they be expected to study hard while at school? Or how can they be expected to become good teachers after graduation?

Since the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee and central organ leaders have repeatedly urged raising teachers' social status, strengthening their contingent, and running normal school education well. The education departments at all levels have also done a great deal of work in this regard. Moreover, the party Central Committee and the State Council have decided to raise the salaries of middle and primary school teachers, and to take specific measures to raise their social status. In the past, some localities failed to show enough concern for teachers, particularly middle and primary school teachers, in their political lives, work, and living conditions. They also failed to take feasible and effective measures within their ability to help the teachers, particularly middle and primary school teachers, improve their living conditions. It is of particular importance to point out that, currently, the general practice of respecting and admiring the teaching profession has yet to be established in society. Since a teacher's work molds a generation of new people, it is noble and honorable, and deserves the highest respect, and teaching should be one of most admirable professions in our society. We must give encouragement to teachers, particularly middle and primary school teachers, who have always worked hard at teaching, and commend and award those among them who have made outstanding achievements or important contributions. We must encourage the best senior middle school graduates to register for entrance examinations for the normal colleges and schools, and ensure that these schools recruit high quality students. It is a matter of fundamental importance to training professionals for the four modernizations.

ZHAO ZIYANG, WAN LI ATTEND RURAL WORK MEETING

OW311111 Beijing XINHUA Domestic Service in Chinese 1426 GMT 30 Dec 84

[By reporters Liu Bang and Ji Bin]

[Text] Beijing, 30 Dec (XINHUA) -- Rural work in our country is rapidly developing. To make harmonious progress in developing the various sectors of agriculture, and achieve still better results in promoting agricultural production, we should take flexible measures to make fuller use of the market as a mechanism in regulating production within the framework of the state plan.

It is necessary to have the peasants pay attention to market conditions and arrange their production work according to the needs of society in order to rationalize the rural production makeup. The government should use economic measures to administer rural work. State commerce should also participate in market regulation to protect the interests of both the producer and consumer. In this way, we will be able to further invigorate our rural work. This is the task that Zhao Ziyang, member of the Standing Committee of the Political Bureau of the CPC Central Committee and premier of the State Council, put forward on the afternoon of 21 December in Zhongnanhai for comrades attending a national rural work conference.

The conference was held in mid and late December in Beijing by the CPC Central Committee. Comrade Hu Yaobang had personally arranged investigation and study work prior to the convocation of the conference. Among those attending the 14 December plenary session at the Huairan Hall in Zhongnanhai were Wan Li and Xi Zhongxun, members of the Political Bureau and Secretariat of the CPC Central Committee; Fang Yi, member of the Political Bureau of the CPC Central Committee; Hu Qili and Hao Jianxiu, member and alternate member respectively of the Secretariat of the CPC Central Committee; Li Peng, vice premier of the State Council; and Du Runsheng, director of the Rural Policy Research Center of the Secretariat of the CPC Central Committee. Wan Li made an important speech at the session on behalf of the CPC Central Committee and the State Council. Hu Qili presided over and also spoke at the session. Also addressing the session was Xi Zhongxun. When Zhao Ziyang received representatives of the participants, Tian Jiyun and Wang Bingqian, vice premier and state councillor respectively of the State Council, were also present.

Comrades attending this conference brought with them new information regarding the implementation of the Document No 1 of 1984, issued by the CPC Central Committee, and the development of commodity production in various rural areas. At the conference they made a serious effort to sum up and exchange their fresh experience in reforming rural work in the past year, analyzed the new trend in rural economic development, based on the current situation of national economic reform, and made concrete policy suggestions for further invigorating the rural economy, which would be submitted to the CPC Central Committee and the State Council for examination and approval.

As pointed out at the conference, successful economic reform has been carried out during the past 5 years in the rural areas of our country. The three Documents No 1 issued by the party Central Committee in three successive years, which were a condensation of mass experience and wisdom, have been warmly supported and enthusiastically put into practice by the peasants and rural cadres at large. This has ushered in a new situation. In an unprecedented innovative and enterprising spirit, the vast numbers of rural cadres and masses are making strenuous efforts to open new avenues to develop commodity production. The past few years have seen all-round growth in agricultural production, greatly improving the situation of acutely short supplies of staple farm produce. This has provided a material foundation for reforming the production makeup in rural areas. Cooperative arrangements, characterized by the system of contracted responsibility linking remuneration with output, have resulted in mobility and rational combination in using rural labor, funds, and technical know-how. Following the 3d Plenary Session of the 12th CPC Central Committee, a full scale reform of the economic structure is going to be carried out, with emphasis on the urban economy, and a new situation will arise, in which the urban and rural areas will help each other advance, and make coordinated developments.

In other words, the vast rural areas of our country are confronted with a very good opportunity to speed up the development of commodity production. The conference emphatically pointed out: With the progress in the economic structural reform in the countryside centering on the household-based contracted responsibility system linking remuneration with output, the rural economy has entered a new stage of full-scale development of commodity production. It should be soberly noted, however, that problems of disharmony of one kind or another exist while our rural economy is turning into a commodity economy. For example, agricultural production cannot meet the consumers' demands on the market; despite the increased output, the quality of products is not high, and their varieties are not as many as required by the market, thus hampering the flow of commodities; neither the distribution of different sectors of production nor the makeup of production is reasonable; local favorable conditions are not fully exploited; and slow progress is being made in changing the state of poverty in some localities.

According to the opinion expressed at the conference, there are several reasons for the above problems, but a major reason is that the rural economic management systems, presently carried out by the state, have certain shortcomings. An example is the unified purchase quota system for farm produce. In the past this system did play a positive role in ensuring supply and supporting construction. With the development of production, however, the shortcomings of the system has become more and more apparent, and it already has a negative impact on the development of rural commodity production, and on the improvement of economic results of such production.

The conference explicitly pointed out: After the elimination of the practice of "eating from the same big pot" in the collective economy, the focus of rural work should be to further reform the agricultural management system, change the unified purchase quota system for farm produce, and make fuller use of the market in regulating production within the framework of the state plan. The purpose of this is to make agricultural production meet the market demands, rationalize the rural production makeup, further liberate the productive forces in the countryside, and make the rural economy more vigorous than ever. Under such a guiding thought, we should take feasible measures to change the unified purchase quota system for farm produce, assist the rural areas in adjusting their production makeup, make all-out efforts to promote grain production, and do a good job in adjusting the variety of grain to be produced. Great efforts should be made to develop a diversified economy, including livestock production, forestry, communications and transportation, and the mining industry in the rural areas, and to promote other development projects. Village and town enterprises should be provided with credit loans and accorded a preferential tax rate. It is necessary to practice a flexible rural banking policy to better utilize the funds. Encouragement should be given to technology transfers and the flow of competent personnel. The rural cooperative system should be improved and development to meet the needs of the development of the commodity economy on the principles of voluntary participation and mutual benefit. Efforts should be made to expand economic contacts between urban and rural areas, and to strengthen guidance for the construction of small cities and towns. In addition, it is imperative to introduce fine crop strains and animal breeds, advanced technology and equipment and capital from outside to develop the exports of farm produce and processed farm products.

At the conference the comrades unanimously pointed out: The achievements scored in the past few years in reforming rural work have provided a material foundation and a very rare historical opportunity for reforming the rural economic management system with the goal of making agriculture an undertaking of large-scale commodity production. In particular, the considerable increase in the output of such staple farm products as grain, cotton, and cooking oil over the past successive years have met the prerequisite, and provided a material foundation, for the work of reform.

Meanwhile, the full-scale development of the reform of the economic structure, with emphasis on the urban economy has placed a new, and higher, demand on the work of rural reform, and also provided this work with a new motive force. As long as we firmly grasp and use these favorable conditions well, formulate policies and measures more suited to the actual rural situation, more readily acceptable to the masses, and more effective in arousing the peasants' initiative, and advance the work of reforming the agricultural management system and adjusting the production makeup to rationalize them, our rural commodity economy is bound to develop even faster along the healthy path.

In his speech at the conference Wan Li made a highly favorable appraisal of the national political and economic situation since the 3d Plenary Session of the 11th CPC Central Committee. His opinion on how to further develop the rural commodity economy has guiding significance. Wan Li said: We must fully understand that ours is still a relatively poor and backward country, and to build it into a modern, socialist state needs a protracted and hard struggle. We cannot be self-satisfied with our present achievements. Moreover, we have had no experience in shaping a socialist commodity economy, nor do we in line with this field of work. Some of our old ideas and conventions do not conform with the requirements of economic development. To meet such requirements as soon as possible, we need to take a course of restudy. This calls for boldness in our rural cadres at all levels to search for new practices and approaches, study advanced domestic and foreign experiences, and rid themselves of the shopworn and decadent portions of conceptive ideas, institutions, policies, and work styles. To meet this end, they are required to smash those things hindering the process of reform, to meticulously guide our agricultural development, in accordance with the law of nature and the economic law, and to be good at knowing the new situation, summing up new experiences and solving new problems.

Touching on the rural economic restructuring process, Wan Li pointed out a new problem which has come with it, and to which a solution is needed. The problem is the sharp increase in marketable grain within a short period. He said that we used to say "good housewives can hardly cook a meal without rice." Now we have abundant supply of rice, but we are running short of "good housewives." He called for great efforts to act as "good housewives" in the course of rural economic restructuring, which has brought to us more food grain and cotton supplies.

During the conference Du Runsheng explained such major questions as how to correctly handle the relationship between workers and peasants, between urban centers and the countryside, between production and consumption, between advanced and backward areas, and between individual and public interests, in the course of restructuring the agricultural administration system and invigorating the socialist rural commodity economy.

Responsible comrades of departments concerned, under the CPC Central Committee and the State Council attended the conference.

FOURTH ANHUI PROVINCIAL CPC CONGRESS ENDS

OW291105 Hefei Anhui Provincial Service in Mandarin 1100 GMT 28 Dec 84

[Excerpts] The Fourth Anhui Provincial CPC Congress came to a close on the afternoon of 28 December in Hefei. Working hard together during the 7-day meeting, the delegates completed all items on the agenda and elected the Fourth Anhui Provincial CPC Committee and the Advisory and Discipline Committees of the Anhui Provincial CPC Committee.

The congress called on people in Anhui to take action and strive to accomplish all the fighting tasks laid down by the congress, win an all-round victory in reform, and quicken the pace of the socialist modernization in our province. Before the closing ceremony, the congress held its fourth plenary meeting. Comrade Wang Guangyu was the executive chairman of the plenary meeting.

The election results were then announced. Fifty-five were elected members and 15 alternate members of the Fourth Anhui Provincial CPC Committee; 50 were elected members of the Advisory Committee and 41 members of the Discipline Inspection Committee of the Anhui Provincial CPC Committee.

Following the announcement, the congress passed resolutions on the Anhui Provincial CPC Committee's work report and on the Discipline Inspection Committee's report.

Other executive chairmen of the fourth plenary meeting were Shi Junjie, Zhang Linyuan, Lan Ganting, Ma Changyen, Kang Zhijie, Du Weiyou, Zheng Huaizhou, Hou Yong, Zhang Dawei, (Fu Dazhang), (Zhu Dingben), (Hu Yunrong), (Shen Jihuai), Feng Lin, and (Yang Chunsheng).

The Fourth Anhui Provincial CPC Congress held the closing ceremony in a warm atmosphere of unity immediately after the fourth plenary meeting. Comrade Shi Junjie made a closing speech. The congress ended at 1615 to the majestic refrain of The Internationale.

Huang Huang Delivers Report

OW271349 Hefei Anhui Provincial Service in Mandarin 1100 GMT 23 Dec 84

[Excerpts] In his work report to the Fourth Anhui Provincial CPC Congress, Comrade Huang Huang called on all party members, cadres, and masses to work in unity in an effort to bring about a vigorous development of Anhui's economy.

He said: The economic development target of our province is to try to multiply by six times [fan liang fan ban] the gross annual value of industrial and agricultural production so as to achieve a comparatively well-off level by the end of this century. By that time, the technology and equipment used in the principal sectors of our national economy should attain a level equivalent to that of developed countries in the early 1980's. To achieve this strategic target, Comrade Huang Huang made the following proposals:

1. It is necessary to reform the economic structure in a positive and reliable way.
2. Resolute efforts should be made to implement the principle of economic construction centering on technical transformation, renovation, and expansion of existing enterprises.
3. It is necessary to make full use of favorable conditions, focus attention on key construction projects, and continue to boost the economic strength. In the coming 5 years or so, continued efforts should be made to develop the construction work in six key fields; namely, agriculture, industries that support agriculture, energy and transportation projects, raw materials and semi-finished products industries, food and fodder industries, as well as education, science, and technology.

Attention should also be paid to regional development plans for the Chang Jiang economic belt, the Huainan and Huaibei economic zones, the southern Anhui tourist area, and the Hefei scientific and technological education center.

4. More efforts should be made to carry out the policy of opening to the outside world. Now a new world technological revolution is arising, and worldwide economic activities are on the increase. Under these new circumstances, we should further open ourselves to the outside world, quickly introduce technology, equipment, capital, and competent personnel from outside into our province, and strengthen our ties with other provinces and regions.

In addition to the above, Comrade Huang Huang said in his work report to the fourth provincial CPC Congress that it is imperative to take effective measures to develop the work of building spiritual civilization and promoting the socialist democratic and legal system. In this connection, he said:

1. We should strengthen ideological and political work in connection with the program of the four modernizations. In the new historical period, the program of the four modernizations is the greatest political task. Our ideological and political work should be carried out in close conjunction with the general task and objective of achieving the four modernizations, developing productive forces, and quadrupling the gross annual value of industrial and agricultural production and with the implementation of the decision of the 3d Plenary Session of the 12th CPC Central Committee. In short, our ideological and political work should serve the needs of economic work and should be conducive to the reform of the economic structure.

2. We should accelerate the development of education, science and technology, cultural, and sports projects. Education should be oriented toward modernization, the world, and the future. Diverse methods should be adopted to establish schools of various kinds at various levels. With regard to the work of science and technology, attention should be paid to the long- and short-term economic development plans of our province, and arrangements made to solve key technical problems so as to achieve greater and quicker results. In medical and health-care work, we should carry out the principle of taking disease prevention as the main task, paying attention to both urban and rural areas, and combining traditional Chinese therapy with Western medicine. It is necessary to reform the present management system of medical and health-care work, accelerate the construction of medical and health-care facilities at all levels, and improve the quality of medical service. Since family planning is one of our fundamental national policies, we should earnestly implement the relevant principles and rules and try to see to it that before the year 1990 the natural population growth rate in our province is controlled at 10.8 per 1,000.

3. Further efforts should be made to improve the socialist democratic and legal systems. To meet the demands set by the 12th CPC National Congress, we should carry out socialist democracy in all aspects of the political, economic, cultural, and social activities in the province. Democratic management should be promoted in enterprises and institutions, and mass autonomy should be developed for grassroots social activities. We should see to it that democracy is used by the masses as a way to educate themselves. In the meantime, local laws should be enacted, as necessary, on the basis of the state's Constitution and laws. In particular, the work of economic legislation should be strengthened as required by the development of economic construction.

ZHEJIANG PEASANTS USE MARKETING TECHNIQUES

OW311031 Beijing XINHUA in English 0824 GMT 31 Dec 84

[Text] Hangzhou, December 31 (XINHUA correspondent Tang Qingzhong) -- Chen Yaogen, manager of a rural industrial company in Zhejiang Province was once in a department store in Beijing when he overheard an aged couple grumbling.

"Shops nowadays just care about the needs of young people, not the needs of us old folk," one said. "They only sell polyester in light colors. Nowhere can you find the material in dark colors."

As soon as Chen got back to his hotel, he telephoned the printing and dyeing mill he manages and got workers to send a shipment of dark-colored polyester to Beijing for trial sale. "It sold quickly, testifying to the truth of the popular saying: 'information is money'," he told XINHUA.

Chen is now known throughout Zhejiang Province for his keen ear for market information. "It is now my habit to listen to what people around me are talking about, as this helps me to discover consumer interest and to detect changes in market demand," he said. In status, Chen Yaogen is still a peasant in that he is not on the government payroll, and that his family has to farm a piece of land contracted from a production team in Shuangmei Township for their own grain. But he is an industrialist in every sense, operating a company employing several thousand people, with an annual turnover amounting to nearly one million yuan.

Commenting on people like Chen, a senior Zhejiang official said: "Given a chance, many peasants can become clever industrialists and business chiefs. That chance is now available, as current policies encourage a market-oriented rural economy to replace the traditional small subsistence-level farming. Peasants, motivated by the law of value, are becoming increasingly bold and far-sighted."

Another well-known peasant industrialist in Zhejiang is Lu Quankiu, head of a factory producing an annual average of 390,000 universal couplings for motor vehicle transmission systems. It is the biggest plant of its kind in China. When Lu became director of the factory a few years ago, the first thing he did was to recall 30,000 universal couplings already sent to customers as he believed they were substandard. This entailed a loss of 430,000 yuan.

"We have to compete with 55 other factories in China which produce the same thing," he told the puzzled workers. "And if our factory is to survive, we must try to produce the best products, even if that means temporary loss." The factory did emerge a winner by "retreating one step to take two forward", as Lu put it. Universal couplings produced by the factory won first prizes at several national quality contests.

Zhejiang, with an area of 100,000 square kilometers, has about 100,000 rural factories run by township authorities and villagers' committees. These employ three million workers, and their combined turnover this year was 12 billion yuan, or one-third of the province's annual industrial output value.

ZHEJIANG CIRCULAR LIMITS GOVERNMENT LUNCH BREAKS

OW012123 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 29 Dec 84

[Text] The General Office of the Zhejiang Provincial People's Government issued a circular on 29 December. The circular says: Beginning 1 January, 1985, the noon recess for workers and staff members of the provincial-level offices, including lunch time, will be 1 hour. The new working hours of the provincial-level offices will be 0800 to 1200 and 1300 to 1700.

GUANGZHOU PLA CADRES RESOLVE DIFFERENCES

OW291341 Beijing XINHUA Domestic Service in Chinese 0820 GMT 28 Dec 84

[By reporters Zheng Guolian and Liu Nanchang]

[Excerpts] Guangzhou, 28 Dec (XINHUA) -- When the Guangzhou Military Region's leading organs held a forum recently on the results gained in party rectification, a veteran fighter was delighted beyond measure to hear that more than 70 pairs of comrades, who harbored deep grievances against each other that were rooted in the "Cultural Revolution" period, had shaken hands and made peace with each other. He expressed his joy by writing the following couplet: "Comrades were turned into enemies by the 'Cultural Revolution;' differences are patched up and friendship rescued by party rectification."

There are two poets working with the creation section of the Political Department of the Guangzhou Military Region. Because they held different viewpoints during the "Cultural Revolution," they had long been hostile and rancorous toward each other. Through comparison and examination and by receiving education in the need to completely negate the "Cultural Revolution" in the course of party rectification, they have both realized that the "Cultural Revolution" was wrong as were its two factions. We have now entered a new period. That is every reason for all revolutionary comrades and communists to work for the four modernizations with one heart and one mind. There is no reason for us to go over the old accounts of history and compete with each other for an upper hand.

Among these pairs locked in factional enmity, some had long been burdened by the notion that one of the factions was correct, the attitude that they were always correct, the idea that to "support the left" was meritorious, or other such hindrances. Some had refused to admit their past mistakes for fear of losing face. Through education in the need to completely negate the "Cultural Revolution," these comrades have also unified their understanding of the Military Region's major controversial issues left over from the "Cultural Revolution." They have gotten rid of the burdens on their minds. Both sides of the contradictions have spent more time in self-criticism and have sought forgiveness from each other with a lofty stance. Good relationships are restored.

There are still many others among these resentment-laden pairs who either were deeply estranged or appeared to be on good terms while misunderstandings still existed between them, all because one in the pair had been the victim of attack by the other during the "Cultural Revolution." They too have healed the wounds of their hearts and bridged the gap of feelings through party rectification. A deputy director of the Political Department of the Military Region's Logistics Department was forced to admit that he was an "active counterrevolutionary," for which he was sentenced to a 3-year prison term and stripped of his party membership and military status. The injustice, which was not redressed until 1978, occurred simply because he uttered some grievances about Lin Biao in the early days of the "Cultural Revolution." A division-level cadre at the headquarters office of the Military Region was the one assigned at the time to take charge of his case. The relations between these two had always been very stiff. In the course of education for a complete negation of the "Cultural Revolution," Secretary You Taizhong of the regional military CPC Committee asked the two to have a heart-to-heart talk with him and also made arrangements for them to have a sincere face-to-face talk. This has enabled them to finally iron out their differences and resume the revolutionary friendship of comrades.

CHENGDU PLA ORGANS COMPLETE RECTIFICATION

HK220153 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 21 Dec 84

[Text] According to SICHUAN RIBAO, the CPC Committee and the organs of Chengdu Military Region have completed party rectification after 1 year and 1 month. On 20 December, the CPC Committee held a gathering of party members of the organs and directly subordinate detachments to sum up the main achievements and experiences in this party rectification and propose demands and tasks for consolidating and developing its fruits, serving the overall situation of national construction, and creating a new situation in work in the building of the organs and units. Wan Haifeng, secretary of the CPC Committee, presided at the meeting. Deputy Secretary Wang Chenghan delivered a report on behalf of the CPC Committee, summing up party rectification in the CPC Committee and the organs. (Zeng Qianghang), deputy leader of the Central Military Commission liaison group, affirmed the achievements of the military region in party rectification and agreed with the region's evaluation of the first phase of rectification.

CHONGQING MEETING ON REFORMING PLANNING SYSTEM

HK290243 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 28 Dec 84

[Text] A Chongqing City planning conference which concluded on 27 December seriously implemented the spirit of the 3d Plenary Session of the 12th CPC Central Committee by carrying out deepgoing reform of the planning management system, further reducing mandatory planning, and delegating planning management jurisdiction, thus simplifying annual planning. Next year city-level planning management will cover 109 industrial products, a reduction of 37 compared with this year. Of these 109 products, 32 will be covered by mandatory plans, a reduction of nearly half compared with this year. In addition, city departments and districts and counties will be strictly banned from setting more mandatory plan targets for industry. Apart from the mandatory plans set by the state, the city authorities will set no more mandatory targets for agriculture, commerce, foreign trade, and other sectors.

Another focal point of the reform of the planning management system in Chongqing is to further delegate powers. This conference delegated the following management jurisdictional powers: over examination and approval of investment in fixed assets; arranging annual plans; management of foreign economic relations and trade; materials supply; labor wages management; social undertakings management; and examination and approval of economic combines. With regard to export commodities, this year the city Planning Commission managed 110, but in 1985 the figure is to be reduced to 14.

The planning conference also further reduced number of levels involved and simplified the methods in drawing up annual plans. While simplifying annual planning, the city planning departments have also gradually shifted their main effort to investigation and study of the city's economic and social development strategy and the main guidelines and policies, and to drawing up medium and long-term plans.

YANG ON SICHUAN ECONOMIC, RECTIFICATION TASKS

HK290215 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 28 Dec 84

[Excerpts] According to SICHUAN RIBAO, provincial CPC Committee Secretary Yang Rudai recently carried out more than a 2 weeks of investigation and study in southern Sichuan. On 25 December, after listening to reports from leading comrades of the Luzhou City CPC Committee and government, he made a speech on doing a good job in economic and party rectification work.

Comrade Yang Rudai said: Some time ago I said that it was certain Sichuan could achieve doubling 1 year ahead of schedule, and it was possible to achieve this 2 years ahead of schedule provided work was done well.

I have heightened confidence as a result of this visit to several prefectures and cities. The tasks facing us are, on the one hand, to strive to achieve doubling 2 years ahead of schedule, and on the other, to lay a thoroughly sound foundation for economic take-off in the province. Fulfilling these tasks will be by no means easy, and much work is required. I hold that the first thing is to continue to eliminate leftist influence, especially inherent concepts and the habitual forces of small producers that have formed in the minds of the leading comrades over a long period.

Comrade Yang Rudai said: To strive to achieve doubling 2 years ahead of schedule, we must speed up the pace of reform and opening up to the world. Reform mainly means reforming the leadership structure and the labor wages system, proceeding from the province's realities. In the past, too, we practiced better troops and simpler administration, but we did not delegate power. As a result, combination followed separation, and separation followed combination again. It was impossible to simplify the organs, and in fact they proliferated. The current reform of the leadership structure first of all means delegating power, and then streamlining the administration. In this way we can avoid repeating the defects of the past.

Opening up means opening to foreign countries and also to other provinces. We cannot run commodity economy, nor can the economy develop rapidly, without opening up to the world. The main problem in developing Sichuan's economy is that of shortage of capital, technology, and talent. These problems can all be solved through opening up. So long as we integrate our natural resources with imported technology and talent, we can create tremendous social wealth. Opening up means both bringing in and shipping out. We should ship out our agricultural and sideline products and our abundant labor resources. In particular, the hilly areas can do a lot in shipping out still more labor. With regard to the products shipped out, we should carry out in-depth processing where possible, and otherwise just carry out rough processing. This will also lead forward the development of township and town enterprises.

Comrade Yang Rudai said: The first step of reforms in the rural areas was to institute the contract responsibility system linking payment to output. The second step is to readjust the rural production mix. Whoever understands this problem early will achieve rapid development; and those who are tardy in understanding it will lag behind. In the wake of the development of all trades and sectors, and especially the township and town enterprises, the contradiction of shortage of electric power will become still more acute. The power supply departments must make practical plans for solving this problem. Economic work all boils down to a question of talent. In selecting and promoting cadres, we must break through the old conventions in employing people. We should mainly uphold the four transformations criteria for selecting and promoting cadres.

In conclusion Comrade Yang Rudai spoke on party rectification issues. He said: In carrying out party rectification, we must unswervingly act according to the decision on party rectification. There are very many problems to be solved in party rectification, but we must focus on two points: One is to correct the guiding ideology in all trades and sectors, and to ensure that all their work is subordinate to and serves the party's general task and goal. The second is to totally negate the Great Cultural Revolution. The Great Cultural Revolution was wrong from theory to practice. The two factions in the Great Cultural Revolution were both wrong, and neither of them was correct. We must not just look at old scores of history [words indistinct]. We must bring out thinking into line with the resolution of the 6th Plenary Session of the 11th CPC Central Committee. It is building the third echelon, and of unity without totally negating the great Cultural Revolution; and party rectification might be only superficial without this total negation.

SHOUDU IRON, STEEL WORKERS PARTICIPATE IN REFORM

HK240957 Beijing GONGREN RIBAO in Chinese 15 Dec 84 p 3

[Article by the CPC Committee of the Shoudu Iron and Steel Company: "Lead the Workers To Take the Road of Reform" -- capitalized passages published in boldface]

[Text] Editor's note: As recommended by the Research Institute of Ideological and Political Work for Chinese Workers, on 10 December the Propaganda Department of the CPC Central Committee, the State Economic Commission and the All-China Federation of Trade Unions conferred the titles of "1984 outstanding enterprises in ideological and political work" on the Daqing Oil Administrative Bureau, the Shoudu Iron and Steel Company, and the No. 1 Automobile Manufacturing Plant. In the meantime, they also commended 29 enterprises which had done an outstanding job in providing workers with ideological and political work. We now publish the excerpts of the reports of the three enterprises including the Daqing Oil Administrative Bureau and others for your reference. [end editor's note]

While carrying out a reform in ideological and political work, our most important and common task is to implement the ideological line adopted by the 3d Plenary Session of the 11th CPC Central Committee, and educate cadres at all levels so that they emancipate their minds, stick to the work style of seeking truth from facts and boldly blaze new trails in order to invigorate the enterprises. We have learned from practice that only by taking the theory on Chinese-type socialism as the focal point and kernel of our education, can we markedly enhance the ideological understanding of workers.

1. WE REALIZE THAT THE OLD SYSTEM HAS VARIOUS DEFECTS BECAUSE IT DOES NOT CONFORM WITH OUR NATIONAL CONDITIONS. WITHOUT CARRYING OUT A REFORM, THERE WILL BE NO WAY OUT.

Through summing up experience and drawing a lesson from economic construction since the founding of the People's Republic, and reviewing the harm to the development of productive forces as a result of indiscriminately copying the patterns of foreign countries, workers have realized that we should follow our own path, and smash the bonds of the old system. We also sent people to rural areas on many occasions to conduct investigations and studies, and invited comrades engaged in rural work to deliver reports so that they could envisage the great achievements in reform carried out in light of practical conditions, and realize the urgent needs of promoting urban reform. In the meantime, we guided workers to summarize changes which had taken place in Shoudu Iron and Steel Company since the reform, and used the result of reform to strengthen the determination and confidence of workers in embarking on the path of reform. Workers have profoundly realized that only by carrying out reform can our country become rich and powerful.

2. WE REALIZE THAT REFORM SHOULD BE CARRIED OUT IN FLIGHT PRACTICAL CONDITIONS. WE SHOULD CORRECTLY TREAT THE EXPERIENCE OF OTHERS AND BE BOLD IN BLAZING NEW TRIALS.

For example, the reform of the enterprise management system is a large "systematic project." Looking at the problem as a whole, reform means negating the old pattern under the old system. However, as far as the specific content of reform is concerned, we should draw on the successful experiences of other enterprises both at home and abroad based on analysis. The key lies in establishing a Chinese-type management system which conforms with our characteristics. At the beginning, cadres and workers did not hold completely identical views on the modernization of enterprise management. We centered our ideological education on the dual nature of management, and guided workers to understand that modernization did not mean Westernization or adopting everything foreign. Proceeding from reality, we summarized our theories in practice. Shoudu Iron and Steel Company has imported and widely used computers. A network of computers has been formed in the company.

The software is designed and manufactured in accordance with the process and requirements of the professional economic responsibility system. As a result of carrying out practical education, workers have further raised their consciousness in implementing and improving the economic responsibility system.

3. WE REALIZE THAT WHILE CARRYING OUT REFORM, WE SHOULD EMPHASIZE INVIGORATING ENTERPRISES AND ENLIVENING MANAGEMENT AND ADMINISTRATION. WE SHOULD DARE TO THINK, AND DARE TO ACT RATHER THAN BE OVERCAUTIOUS.

To enliven enterprises, we have made explorations in various aspects. Through technical reform, we promote technical progress and expand reproduction. Through relying on our efforts to promote the sale of some products, we improve product mix, enliven management and administration, and so forth. Under the condition of enhancing labor productivity by a large margin, we rationally organize labor, and transfer surplus labor force to manufacture civilian products and to promote tertiary industry. We improve our measures in various respects to satisfy the consumption demand of workers, and serve the society. At the beginning, some people accused us of "not attending to our proper duties." We should educate workers so that they understand that to build Chinese-type socialism, we should fully invigorate our enterprises, and do everything possible to bring about a prosperous commodity economy. In so doing, we strengthen the confidence of workers, and they are determined to make achievements. To run enterprises well, the broad masses of workers have widened their field of vision, and suggested ways and means of their own accord for rationalizing management, administration, and the organization of production, and for tapping new sources and bringing out latent ability for practicing economy, and so forth. Every year, more than 10,000 proposals are suggested.

4. WE REALIZE THAT THE BASIC AIM OF REFORM IS TO PROMOTE THE DEVELOPMENT OF PRODUCTIVE FORCES, AND TO IMPROVE THE MATERIAL AND CULTURAL LIFE OF THE PEOPLE. WE PERSIST IN TAKING PRACTICE AS A CRITERION FOR TESTING THE SUCCESS AND FAILURE OF REFORM.

For example, what are the merits of the contract system of turning over profits to the state based on an increase by degrees? Why do the central authorities ask us to continue the experiment? We mainly guide the workers to enhance their understanding of this problem from the following two aspects: First, due to the fact that this system has completely abolished the previous enterprises management system of waiting for, and relying on the arrangements made by the state, the enterprise can make and retain more profits. This has solved the conflict between the increase of the state revenue and the acceleration of technical reform in the enterprise, and developed productive forces. Second, due to the fact that workers can only on their creativity to increase their incomes, improve collective welfare services, and solve the remaining problems occurring in their daily life, this has solved the contradiction between production and the workers' livelihood, which remained unsolved for a long time in the past. We use a large number of acts and data to educate workers so that they understand that this system conforms with our national conditions, and is a policy beneficial for our country and people. We are determined to firmly carry on the experiment in accordance with the instructions issued by the central authorities.

NEI MONGGOL CPC COMMITTEE ASSESSES FUTURE TASKS

SK310257 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 29 Dec 84

[Text] The Standing Committee of the fourth autonomous regional CPC Committee held its first meeting from 18 to 19 December, at which a summary of discussions was made regarding the issues of how to strengthen and improve the party's leadership under the new situation and how to upgrade work efficiency.

The summary states: The regional CPC Committee and the party organizations at all levels throughout the region have to unswervingly implement the line, principles, and policies set forth by the CPC Central Committee at any time and under any circumstance and to uphold the principle of proceeding from the regional actual situation in doing everything. Efforts should be made to further consolidate the party rectification work done in the past year; to develop the excellent situation created in the period since the 3d Plenary Session of the 11th CPC Central Committee; and to lead the cadres of masses of various nationalities to continuously enhance unity, to accelerate the pace of building the two civilizations, and to strive to double the annual output value at the end of 1987 and quadruple it at the end of this century and to surpass it as much as possible so as to reach the well-off level. To this end, the meeting put forward the following tasks:

1. Efforts should be made to strengthen studies. At present, we should earnestly study the decision of the CPC Central Committee on conducting reforms among economic systems, and, at the same time, integrate the study with that of the fundamental theories on Marxism and Leninism. In addition, we should study modern management, science, and technology.
2. Efforts should be made to strengthen investigations and studies in order to understand the basic situation prevailing in the region.
3. Efforts should be made to exercise strict self-discipline, to help each other, and to steadily strengthen the tempering of the party's spirit and take the lead in straightening out party style.

The summary states: We should upgrade the scientific quality of leading work and stress the comprehensive efficiency of doing things. This requires us to have a sense of the whole situation and to take the whole situation into consideration.

The summary states: We should uphold the party's principle of exercising democratic centralism, bring democracy into full play, and should further strengthen our sense of organization and discipline.

The summary stresses: We should give great attention to practicing the work style inside the party, in which practical work has been carried out, genuine talks have been heard, principles have been put into practice, and implementation has been carried out through to the end. We should resolutely block the malpractices of relaxing one's efforts, disputing over trifles, giving empty talks, and even resorting to deception and paying lip service, and should further do a good job in assuming the historical task of leading the people of various nationalities to engage in the program of building the four modernizations.

ZHOU HUI SPEAKS AT NEI MONGGOL ECONOMIC FORUM

SK290726 Hohhot Nei Monggol Regional Service in Mandarin 1100 GMT 28 Dec 84

[Text] On the afternoon of 26 December, while speaking at the regional planning, financial, economic, and trade conference, Zhou Hui, first secretary of the regional CPC Committee, called on the people of all nationalities in the region to conscientiously study the guidelines of the 3d Plenary Session of the 12th CPC Central Committee, sum up and study the experiences gained by the region in reforming the rural economic system, and realistically and consistently promote the economic reform focusing on the urban economy.

After reviewing the major experiences and lessons gained by our party during the democratic revolution and the socialist construction periods, Comrade Zhou Hui said: The reason why we review the past is to understand and give guidance to the present.

Since the 3d Plenary Session of the 11th CPC Central Committee, the rural economic reform has aimed at making the most of the intelligence, wisdom, and enthusiasm of the great number of workers. Man is the most active factor among the production forces. If we fail to mobilize the enthusiasm of the people, everything will be fruitless. The urban economic reform differs from the rural reforms in terms of content and form, but the fundamental experience of arousing the people's enthusiasm is completely applicable to cities. During the past 30 years, our region's urban economy has developed greatly. Particularly since 1983, when we introduced the contract system in urban areas, many gratifying changes have taken place in urban economic work. However, affected by the protracted influence of leftist ideas and the small-scale economy, there still remains the phenomenon of giving no consideration to production cost, efficiency, and economic laws. It is completely correct to develop the planned economy, but it is wrong to separate the planned economy from, or set the planned economy against, the law of value, and the relations between supply and demand. Moreover, it is impossible to bring thousands upon thousands of commodities into a plan. The only way for us is to comply with the regular pattern of the economy, and keep a firm grip on major aspects while allowing flexibility in minor ones. This is also the practice of seeking truth from facts and proceeding from reality.

Comrade Zhou Hui said: The fourth regional CPC Congress, which ended not long ago, was extremely successful. From the situation of the congress, we can notice that new and fundamental changes have taken place in the ideology of the cadres at all levels and of broad sectors of the masses in the region. The people unanimously agree to and support the reform. At present, a serious question facing the people of all nationalities in the region is how to accelerate the region's urban economic reform and vitalize our region's economy in the shortest possible time. Judging from the overall situation, we have many favorable conditions. For instance, since the 3d Plenary Session of the 11th CPC Central Committee, we have accumulated a wealth of experiences in rural economic reform. Coupled with a vast territory and rich natural resources, we are very confident of winning new victory in further reforms. However, we must not lose sight of our unfavorable factors. Compared to the coastal fraternal provinces and autonomous regions, our economic and cultural foundations are very weak. Therefore, there is a need to boldly emancipate our minds, proceed from reality in doing everything, learn from the fraternal provinces and autonomous regions with an open mind, and draw on the successful experiences of the developed countries. Meanwhile, we should pay attention to and sum up the relatively advanced experiences of our own localities, and take advantage of all favorable conditions to conduct the reform and develop construction with one heart and one mind. By so doing, our future will be very bright.

Comrade Zhou Hui stressed: To keep pace with the development of the reform, we must conscientiously study the decision adopted by the 3d Plenary Session of the 12th CPC Central Committee in line with reality. Party organizations at all levels and all professions and trades should have the overall situation in mind, base themselves upon their jobs, and be brave in exploring ways to conduct reforms in line with the guidelines of the 3d Plenary Session of the 12th Central Committee, and with their specific situations. The multi-purpose departments at all levels should all the more stand in the forefront of the reform because they administer overall affairs, and the reform cannot be conducted without their efforts. These departments should focus on the major aspects, serve the four modernizations, and prepare the ground for the reforms of professional departments at all levels. Beginning next year, all leagues and cities will begin their party rectification. All localities and units should use party rectification to promote reform and production, and organically integrate party rectification with the economic reform.

Comrade Zhou Hui said: To keep pace with the development of reform, leaders at all levels should change their work methods, and leading organs should be restructured. The general demand in this work is to streamline administrative procedures, abolish unnecessary organs, and delegate powers to lower levels. The organizational restructuring should be conducted in the course of abolishing unnecessary organs. In strengthening the organizational restructuring, efforts should be made to reduce, rather than expand, party and government organs. This is the only way to vitalize our undertakings. In this respect, the urban areas should learn from the rural areas, and leading cadres at all levels should go deep into the grassroots units and the masses to conduct investigations and studies, just as rural cadres do. Leading cadres should frequently make contact with the grassroots units, sum up experiences, and give guidance. At present, some organs indulge in creating red tape and holding excessive meetings, thus tying up many people. Such a situation must be changed. Otherwise, they will lag behind the development of reform.

NI ZHIFU MEETS WITH TIANJIN ARMED POLICE FORCE

SK010410 Tianjin City Service in Mandarin 0030 GMT 1 Jan 85

[Text] On New Year's Eve, Ni Zhifu, secretary of the municipal CPC Committee, cordially received fighters of the armed police force who were undertaking security tasks and extended warm festive regards to them. He encouraged commanders and fighters of the armed police force to do a good job in keeping social order during the new year and Spring Festival periods.

Comrade Ni Zhifu has been concerned about the food, shelter, clothing, and transportation problems of the commanders and fighters. He asked them whether they have difficulties in their livelihood and whether their uniforms fit them. While referring to the tasks shouldered by the armed police force, Comrade Ni Zhifu said thoughtfully: The armed police force has contributed to the social order of Tianjin since its establishment. You have worked painstakingly. I thank you on behalf of the municipal CPC Committee and government and all the people of Tianjin. He said: Performing one's duty well, particularly security work, is also a contribution to Tianjin's economic construction because it provides a reliable guarantee for the people of Tianjin to live a secure and happy life.

LIAONING COMMENTARY ON AGRICULTURAL STRUCTURE

SK280307 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 27 Dec 84

[Commentary: "Readjust Agricultural Structure, Develop Rural Economy"]

[Excerpts] After 5 years of reform, our province has witnessed a rapid development of rural economy. An unprecedentedly lively situation has emerged. However, with the continued improvements in the production relations and the development of the productive forces, our rural areas are confronted with two new problems. First, most areas have surplus workers accounting for nearly 50 percent of their labor forces. It will be difficult for peasants to become prosperous if these surplus workers stay idle at home, and the economic results gained in agricultural reform in the past few years will face the danger of being offset through self-consumption. Second, it will be difficult to greatly increase grain output within a short period of time. If we continue to depend on traditional grain production to develop the rural economy, the rate of growth of agricultural output value and the average per-capita income will be slowed down.

Our province borders mountains and seas with rich forest, mining, water and other natural resources. Railways and highways radiate in all directions. It has a good industrial foundation and a large population concentrated in the urban areas. These are exceptionally good conditions for the rural areas to develop the secondary and tertiary industries. The province's rapid industrial development and the prosperous urban economy in the past few years have opened a path for peasants to find jobs in cities and towns and engage in business, providing a vast field for peasants to directly participate in economic construction in the urban areas.

With the development of agriculture, grain and other agricultural and sideline products have increased by a large margin, thus providing material conditions for peasants to engage in commerce and the processing industry. From this, we know that readjusting the agricultural structure is possible and necessary. The most difficult problem faced by peasants in the course of readjusting and reforming the industrial structure is that they have no ways or knowledge for engaging in other trades. In the past, in the circulation of commodities, they met with great difficulties in buying and selling, giving them lingering fears. Therefore, the governments and the relevant departments at all levels should bring into better balance the relations between various sectors of the agricultural structure in line with the needs of economic construction of the state and the localities, formulate guiding production plans, and help peasants open new production avenues.

In addition, we should realistically strengthen the popularization of science and technical services, clear the commodity circulation channel, and enable peasants to find avenues for carrying out other trades and to eliminate their fear of disturbance in the rear, so that they can display their skills like the eight immortals crossing the sea.

SHAANXI PROPAGANDA CONFERENCE DISCUSSES TASKS

HK300357 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 29 Dec 84

[Excerpts] A provincial conference of propaganda department chiefs was held in Xian from 24 to 29 December. The meeting conveyed and studied the speech of Comrade Hu Yaobang at the national conference of propaganda department chiefs. They clearly understood that in the party's propaganda work in the new situation, it is essential to unswervingly serve the accomplishment of the party's general task and goal and carry out the work in close connection with the reality of economic construction and reform of the economic structure. The meeting made arrangements for work in 1985. Provincial CPC Committee Deputy Secretary Zhou Yaguang attended the meeting and made a speech.

The conference decided that, in the face of the situation of all-round economic structure reform and the task of enlivening the economy and invigorously Shaanxi, propaganda work in 1985 must focus on economic propaganda, and especially on ideological education work in reform of the economic structure.

Zhou Yaguang said in his speech: Due to the protracted influence of taking class struggle as the key link and so on, some habitual methods of thought and action have formed among our political departments and cadres and the cadres engaged in political work, with the result that our ideological work cannot meet well the demands of economic construction and economic reform, and is to a certain extent in a passive, backward, and ineffective state. The most important point in ideological work at present is to further correct the guiding ideology.

Some comrades hold that the status of ideological work has now changed from leading to serving, and that its role has changed from commander to guarantor. Since nobody is attaching importance to it, they say, it is impossible to carry out ideological work. We say that the economic basis determines the superstructure, and the superstructure serves the economic basis. Since the shift of the party's work focus to economic construction, ideological work has been subordinate to and serving economic construction. This is quite natural. This is negating taking class struggle as the key link and giving prominence to politics, and correcting the status of ideological work. It certainly does not mean that ideological work is unimportant. It is an important component of modern management methods. We cannot do without ideological work in building the four modernizations. Reform of the economic structure will inevitably cause many problems of ideological understanding. Ideological work plays an irreplaceable role in solving these problems.

To do a good job in our propaganda work, we must eliminate leftist methods, uphold the principle of providing guidance, and adopt a variety of flexible methods.

TOMUR ENCOURAGES XINJIANG 10,000 YUAN HOUSEHOLDS

HK250301 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 24 Dec 84

[Excerpts] Speaking on 22 December at a forum of young rural 10,000 yuan households, regional CPC Committee Secretary Tomur Dawamat said: The 10,000 yuan households should be still bolder in getting rich and strive to become 100,000 yuan and 1 million yuan households.

Tomur Dawamat said: Some people are worried that 10,000 yuan households are too rich and will deviate from the socialist path.

This worry is unnecessary. At present the 10,000 yuan households are not too rich; instead they are not rich enough, and there are too few of them, not too many. At present we are only at the start. This is the case in the whole country, and even more so in Xinjiang. We must develop more ways of getting rich and be bold in pioneering. Peasants in Beijing came into the city to build a large hotel costing several million yuan. The peasants of Xinjiang too can come into the towns to erect large buildings, establish factories, run schools and hospitals, and engage in transport. They cannot get rich very quickly if they just depend on growing Hami melons and grain. They must also promote diversification and open up many new ways of getting rich.

He said: I hope the media in the autonomous region will step up propaganda for the specialized households and encourage the peasants to be still more bold in working to get rich. We must further eliminate leftist ideological influence, break through the bonds of old concepts and conventions, overcome all kinds of erroneous, narrow-minded views, protect the legitimate interests of the peasants working to get rich, and have still more 10,000 yuan, 100,000 yuan, and 1 million yuan households appear in the rural and pastoral areas of Xinjiang.

XINJIANG, CAAC ESTABLISH JOINT AIRLINE IN URUMQI

HK301551 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 28 Dec 84

[Text] With the approval of the State Council, the Civil Aviation Administration of China and the regional People's Government have today jointly established the Xinjiang Aviation Company in Urumqi. The company will promote a quicker development of the region's aviation undertaking.

The company will implement the responsibility system in which the general manager is held responsible for the business under the leadership of the chairman of the board. Qi Guo, secretary of the regional CPC Committee, takes the post of chairman of the board. Huang Baozhang, vice chairman of the regional People's Government; and (Lin Zeng), adviser to CAAC, take the posts of vice chairmen of the board. The company is jointly owned by the region and CAAC. Being a joint venture, the company will practice individual accounting and will take sole responsibility for its profits or losses. The company is the first local aviation company in China.

Leading comrades of the regional CPC Committee, People's Government and Urumqi Military Region, such as Wang Enmao, Xiao Quanfu, Tomur Dawamat, Qi Guo and Janabil; as well as (Lin Zeng), adviser to CAAC, attended the inauguration ceremony. In addition, Comrade Wang Enmao made a speech at the ceremony.

PRC MEDIA ON TAIWAN AFFAIRS

WAN LI, NI ZHIFU RECEIVE TAIWAN INDUSTRIALIST

SK010412 Tianjin City Service in Mandarin 0030 GMT 1 Jan 85

[Text] Yesterday at noon, Wan Li, vice premier of the State Council, and Hu Qili, secretary of the Secretariat of the CPC Central Committee, met with Mr (Wu Yuanlong), a well-known figure in the industrial and commercial circles of Taiwan, and his relatives in Tianjin, including Associate Professors (Sun Lu) and (Wu Jinghua), at the Tianjin Guesthouse. Mr (Wu Yuanlong) returned from Taiwan and settled on the mainland. They had a cordial and friendly talk with them and warmly welcomed Mr (Wu Yuanlong) to the mainland. They asked about his livelihood and working conditions.

Also present on the occasion were Ni Zhifu, secretary of the Tianjin Municipal CPC Committee; Li Ruihuan, mayor; and Li Ding, deputy director of the United Front Work Department of the CPC Central Committee; as well as responsible comrades of the United Front Work Department of the Tianjin Municipal CPC Committee.

TAIWAN COMPATRIOTS IN OSAKA URGE REUNIFICATION

OW290517 Beijing XINHUA Domestic Service in Chinese 0747 GMT 25 Dec 84

[By reporter Zhu Tieying]

[Text] Osaka, 24 Dec (XINHUA) -- The Chinese Consulate General in Osaka sponsored a New Year gathering of Taiwan compatriots in Japan this afternoon. At the gathering, the participants talked about the excellent situation in the motherland, and called on Taiwan compatriots residing in Japan to strengthen unity and contribute to the accomplishment of the great cause of China's reunification.

Over 40 people attended the gathering, including Zhang Liao Fuyuan, president of the General Association of Overseas Chinese in Osaka; Shi Jiacheng, vice president of the General Association of Overseas Chinese in Kobe; Huang Jiqing, vice president of the General Association of Overseas Chinese in Kyoto; and Chen Shunchen, a celebrated Overseas Chinese writer. Jin Hui, vice president of the General Association of Overseas Chinese in Osaka, was invited to the gathering.

At the gathering, the Taiwan compatriots joyfully pointed out that this year had witnessed a remarkable change in the outlook of the motherland, and that the policy of opening to the outside world had deeply impressed the hearts of the people. The achievements the motherland has made in its various undertakings, they said, have inspired the Taiwan compatriots in Japan, and enhanced their confidence in the great cause of reunifying the country.

Zhang Liao Fuyuan, Chen Shunchen, and Huang Jiqing spoke at the gathering, pointing out that the recent official signing of the joint declaration on the question of Hong Kong between the Chinese and British Governments was a satisfactory solution of the question of China's resumption of the exercise of sovereignty over Hong Kong, and that the solution of the Hong Kong question would be conducive to the great cause of reunifying the motherland. They said: In the past few years, the overseas Taiwan compatriots have personally felt the solicitude of the motherland. The policies of the motherland are reliable. This has enabled the Taiwan compatriots to see a bright future.

Wen Chi, Chinese consul general in Osaka, gave an account of the immense achievements scored by the motherland since the 3d Plenary Session of the 11th CPC Central Committee. On the question of the motherland's reunification, he expressed the hope that all descendants of the Yellow Emperor would strive for the reunification of the motherland and the rejuvenation of China.

TAIWAN'S PROBLEMS, NEW ECONOMIC POLICY EXAMINED

OW300112 Beijing XINHUA Domestic Service in Chinese 0912 GMT 26 Dec 84

[Text] Beijing, 26 Dec (XINHUA) -- According to news from Taipei, recently the Taiwan authorities felt that Taiwan was unable to cope with the new situation of international economic development and that its economy was faced with the "absolute necessity of undergoing an overall examination and consolidation." Taiwan authorities have decided to pursue a new economic policy of "liberalization and internationalization" and, beginning in December, unfold the "movement to wholly raise productivity" so as to stimulate Taiwan's industries to "accelerate technological transfer" and "improve the existing industrial structure for economic escalation."

Taiwan papers have reported that Taiwan's "premier" Yu Guohua pointed out: "The key to economic escalation is to raise productivity and we had better start with liberalization, internationalization, and systematization." Economic "liberalization and internationalization" represent a major change in Taiwan's economic policy in over 30 years. According to the Taiwan papers' interpretation, so-called "liberalization" means creating a free-competition environment with the authorities reducing their unnecessary interference and control to a minimum to let factories and firms fully tap their survival potentials under the basic principle for competition -- survival of the fittest -- while "internationalization" means "minimizing the obstacles to various production factors' movements abroad" and encouraging Taiwan's enterprises to develop an international market, while at the same time making greater efforts to attract Overseas Chinese and foreigners to invest in Taiwan.

Taiwan's is an island-type economy dependent on international markets, importing raw and semi-finished materials and exporting processed goods. According to the Taiwan papers, although Taiwan's economy has somewhat developed over 30-odd years, most enterprises are processing and assembling ones with their technological level not remaining high. This condition cannot be sustained. Especially in recent years, the economy in Taiwan's neighboring countries and regions developed fast, some surpassing, others soon catching up with Taiwan, and the mainland's economic restructure poses "a tremendous pressure" on Taiwan. Cai Songlin, professor of Taiwan's Chengchi University, has pointed out: "As our resources are diminishing and labor costs rising, as trade protectionism is mounting in all countries, and as the newly rising industrial countries and the mainland are becoming more competitive, Taiwan has lost the superiority of traditional industries whose products used to be the mainstay of Taiwan's exports."

It was precisely because the competitive ability of Taiwan's exports had weakened that Taiwan was compelled to undertake "economic transformation," that is, changing from a labor-intensive processing and assembling economy to a technology-intensive economy. For this reason, Taiwan has adopted a series of measures in the past few years such as granting more loans, lowering the interest rate, and exempting or reducing taxes and levies. However, "businessmen are less willing to make investments," eyeing immediate profits only and unwilling to risk new investments. As a result, not only did a boom of new investments and high-tech industries fail to emerge, but renewal of equipment and facilities for traditional industries was glowing down. Under such circumstances, the Taiwan authorities realized that the key to developing Taiwan's economy was to work out an incentive method to quicken industries' escalation and that "the only way out" was to go for "liberalization and internationalization."

To enforce the economic policy of "liberalization and internationalization, the Taiwan authorities took a series of measures such as: Vetoing the proposal of the "Ministry of Economic Affairs" to "set up free trades zones" and announcing that a "free economy" will prevail in the whole area; approving the "draft revision of tariff" which lowers the maximum customs duties from 100 percent to below 75 percent, reduces them on over 1,000 categories of import goods, and exempts them or 30 others; lifting the restriction on some imports restricted from importation in the past 3 to 5 years to protect locally produced goods; deciding not to take the protective measure of restriction against import goods which may be produced locally in the future and need protection, only to apply higher tariffs which will also be lowered gradually; and announcing that the over 1,200 commodities, which are now banned or placed under control, or restricted to their origins or importation applicants, will be allowed for importation. The Taiwan "Ministry of Economic Affairs" recently relaxed restrictions for foreigners and Overseas Chinese investing in industries manufacturing commodities for daily use and lifted the restrictions on the ratio of local sales of these commodities.

Taiwan's financial and economic circles generally support the new policy of "liberalization and internationalization" and the "movement to wholly raise productivity." However, they hold that the old policy that has been in effect for over 30 years has produced a large number of persons with vested interests and that implementation of the new policy will surely harm their interests and, therefore, would certainly meet with their resistance. People are skeptical of the authorities' determination and resoluteness to combat the vested interests' boycott.

COMMENTARY ON PLA OPPOSITION TO DENG XIAOPING

OW311030 Taipei International Service in English 0100 GMT 30 Dec 84

[Station commentary]

[Text] The top commissar of Red China's 4.2-million-member People's Liberation Army and deputy secretary general of the Central Military Commission, Yu Chiu-li, recently had some unkind words for the military establishment.

In his speech at the Army's logistics work conference last week, Yu said that the PLA does not contribute enough to the economy, restricts civilian use to its vast facilities, wastes resources, and saps the state budget. The PLA is guilty of all the charges and more. A virtual kingdom within the communist regime, it answers to nobody except itself. Its senior commanders live like kings while the common soldiers are paid only a few dollars a month. The PLA runs its factories and farms, and operates its own stores to keep its brass hat provided with an ample supply of the goodies of life. Like the warlords of over 60 years ago, the PLA can do almost anything it pleases even the changing of train schedules without advanced notice, and the occupation of college campuses and other civilian facilities. The power of the PLA in Red China was dramatically reflected in the true live story which happened in Shanghai several years ago.

A young man posing as the son of a top PLA officer made himself an instant success in Shanghai as cadres from all local agencies vied with one another to please him and thereby establish a special relationship with his supposed father. When the con artist was finally exposed and put under arrest, he asked rhetorically: What if I were really the son of the general?

The PLA clout comes from Mao's dictum: Political power comes from the barrel of the gun. Mao Tse-tung became the boss of the Chinese Communist Party after he seized military control from the hands of Chou En-lai in 1925. The PLA became his principal tool in his usurpation of power on the Chinese mainland in 1949. During the Cultural Revolution, Mao once again called on the help of the PLA first to oust the capitalist roaders and then to suppress the rampant Red Guards after his rivals were vanquished. A true disciple of Mao so far as the late dictator's military philosophy is concerned, Teng Hsiao-ping used his military background first to ease out former party Chairman Hua Kuo-feng. Instead of assuming the party chairmanship himself, Teng opted for the chairmanship of the Central Military Affairs Commission. However, Teng's control of the PLA is far from firm. As a matter of fact, the PLA has become a citadel of resistance against his reformer's policies, many of which are directed against the PLA itself.

According to the New York-based dissident magazine CHINA SPRING, elements of the PLA Air Force even plotted to kill Teng by a remote-control model plane laden with explosives while he was reviewing troops at the Tiananmen Square on the occasion of the regime's 35th anniversary last 1 October. Although the plot was detected in the nick of time, the incident revealed only the tip of the iceberg. Teng's opponents in the PLA will seize every chance to overthrow him and his allies.

CHINA POST DISCUSSES SINO-SOVIET AGREEMENT

OW310645 Taipei CHINA POST in English 27 Dec 84 p 4

[Editorial: "Chinese Communist-Soviet Agreements"]

[Text] The announcement Sunday that the Chinese Communists and the Soviets have reached agreement to sign an accord on economic and trade cooperation between 1986-1990 during the first half of next year shows the definite signs of rapprochement between the two regimes.

The agreement was reached by Chinese Communist "Vice Premier" Yao Yi-lin and Soviet Vice Premier Ivan Arkhipov after three rounds of talks in Peking. The signing of the accord next year was announced by the "Ministry of Foreign Affairs" spokesman who also announced that the two sides would sign three other agreements in the future. The first two of those accords cover economic and technical cooperation and scientific and technical cooperation while the third calls for a joint commission to be set up to oversee this cooperation.

The accord to be signed during the first half of next year for the period 1986-1990 provides for modernization of now out-of-date equipment in a number of factories which Moscow built in Red China in 1950s, according to information from East European sources in Peking.

Arkhipov was then in Peking as the chief Soviet expert to help the Chinese Communists to draw up the first five-year-plan. His return to the Chinese mainland after thirty years to negotiate for closer relations was generally considered significant. He was scheduled to visit Peking in May of this year but his visit was suddenly cancelled as a result of President Ronald Reagan's visit to the Chinese mainland in April. It is obvious the cancellation was merely a gesture of Soviet displeasure which did not last long.

The reaching of the accord the sign four agreements between Peking and Moscow shows the futility of playing the China card or the Soviet card by the United States and other free nations. It merely was taken as a sign of weakness on the part of the free nations by the Communist bloc which even encouraged them to play the U.S. card in return for what they wanted especially U.S. military and economic aid for Peking.

The sinister game of blackmailing the United States into supplying all items desired by Peking did not stop at the conclusion of agreements between Peking and Moscow. Chen Yun, Chinese Communist, Politburo member, told Arkhipov that Moscow must remove "three major obstacles" before relations between the two Communist rivals can be normalized. But Chen lauded Arkhipov as "an old friend" and said that friendly ties between the neighboring Communist giants was in the fundamental interests of both peoples.

The Soviets consider the three demands as non-negotiable and in turn accused the Chinese Communists of trying to block close relations. But Arkhipov told Chen that he was happy to be reunited with his old Red Chinese friends and that the Kremlin attached importance to close Red Chinese-Soviet ties and hoped to find ways to increase co-operation. He also admitted that his primary task on this visit to the Chinese mainland is to "further cooperation between our two countries in the field economy, trade, science and technology."

Thus the Soviets have certainly attained their goal of seeking such cooperation from the Chinese Communists who did not balk at the Soviet offer of such cooperation but willingly agreed to the Soviet offer and friendship. For the Chinese Communists, the accord will boost their trade with the Soviets to US\$6 billion from the present trade of an estimated US\$1.6 billion this year.

The accord should serve as a warning to the United States of its failure in pulling the Chinese Communists away from the Soviets. Washington should stop playing the China card to prevent Peking from getting aid and assistance from both Moscow and Washington. The Reagan administration should realize that its real friend in Asia remains to be the Republic of China which it can rely on to support its policies of safeguarding peace and security in the Asian Pacific region.

It should not pay attention to Chen Yun's remarks about the three barriers Moscow must first remove before normalization can be achieved. The agreement to sign the accords with the Soviets proved that those barriers are already non-existent.

OFFICIALS' REMARKS ON U.S. OBLIGATION NOTED

OW281341 Taipei CHUNG YANG JIH PAO in Chinese 22 Dec 84 p 1

[Editorial: "Weinberger's Solemn Statements"]

[Text] Wang Szu-yu, CHUNG YANG JIH PAO special correspondent to the United States, reported in a special dispatch on 20 December that U.S. Defense Secretary Weinberger declared at a press conference that the United States has an "obligation" to the Republic of China [ROC] and will continue to do its best to fulfill this "obligation." Weinberger publicly denied the allegation that bandit Teng Hsiao-ping told him in August 1983 that the Chinese Communists have the capability to "blockade Taiwan." Putting together these two forceful statements by Weinberger, one could figure out President Reagan's policy stand toward China after his reelection.

Weinberger's statements are particularly noteworthy in terms of their timing:

1. After the Chinese Communists and Britain signed the so-called agreement on Hong Kong's future, bandit Teng Hsiao-ping again stepped up his "united front" offensive against us. He claimed that the experience between the communist bandits and Britain "should be applicable to Taiwan now." He again noted that the so-called "Taiwan question" is the obstacle between the communist bandits and the United States. This was not only meant to mislead and divide ROC compatriots at home and abroad, but also to test and lure the United States.
2. On 21 December, Soviet First Deputy Chairman Arkhipov arrived in Peiping for talks. This gave rise to speculation about possible reconciliation between the communist bandits and Russia.

Although in his statements, Weinberger did not directly touch upon the Chinese Communist plots against us, he made the U.S. stand very clear.

Current U.S. obligations to the ROC are based on the "Taiwan Relations Act," in accordance with which the U.S. Government is specifically obligated to the defense and security of the ROC. One of the most important obligations is that the United States will supply the ROC with defense weapons needed by the ROC. The obligation mentioned by Weinberger should refer to this article which is explicitly written in the "Taiwan Relations Act."

Although the United States hopes to improve military relations with the Chinese Communists to counter the Soviet belligerent and aggressive threat, it has continued to fulfill its obligations to the ROC. U.S. congressmen have repeatedly and strongly urged President Reagan to sell high-performance weapons, such as the FX fighters, to the ROC to strengthen our defense and maintain the weapons balance on both sides of the Taiwan Strait. The U.S. administrative departments have closely watched and carefully examined this forceful request of the congressmen. In light of the growing strategic importance of Western Pacific, the United States will certainly attach greater importance to the peace and security in the Taiwan Strait.

Just as U.S. Deputy Secretary of State Dam has tried his best not to refer to the Chinese Communists as a "strategic partner" of the United States, so Weinberger gave a flat no to a correspondent who asked him whether he thought the Chinese Communists were capable of enforcing a blockade against the Republic of China. After he was received by Teng Hsiao-ping in Peiping on 11 November, Komeito Chairman Yoshikatsu Takeiri revealed that when Weinberger visited the Chinese mainland in September of last year, Teng told Weinberger that although the Chinese Communists did not have sufficient military strength to attack and take Taiwan, it surely was within their power to enforce a blockade in the Taiwan Strait. This was obviously an attempt by bandit Teng to confuse people by spreading the rumor through the mouth of Takeiri. In view of this, Weinberger thus emphasized, "I don't need to ask who passed on the word. But, to my knowledge, there has never been any statement to this effect."

As U.S. Deputy Secretary of State Dam has put it, "these relations" between the United States and the Chinese Communists at present "are of quite a peculiar nature and also suitable to the special requirements of the present stage." However, with regard to a correspondent's question whether the Chinese Communists are a military partner of the United States, Dam replied frankly that "the United States would rather know 'what we are actually doing' than care about using a name to describe the relations between the United States and the Chinese Communists." With this reply, he gave a no to the question. Nevertheless, Dam did admit that the United States and the Chinese Communists also "talked about the question of defensive military equipment sales but the United States does not recognize the Chinese Communists as its military partner."

We are deeply convinced that the people of the United States and the Republic of China share a profound friendship and are closely linked by their mutual economic, trade, and cultural interest. Although Weinberger only said the United States has a "commitment" to the Republic of China, this "obligation" is based on the foundation of a profound sense of morality and deep feelings. The peoples of our two countries share this understanding: both will benefit if we join ranks; fighting for freedom is not only extremely important for China and the United States, but it is also extremely important to the security and peace of the Asia and Pacific region.

TA KUNG PAO CITES KIM IL-SONG ON REUNIFICATION

HK011558 Hong Kong TA KUNG PAO in Chinese 79 Dec 84 p 2

["Political Talk" column by Shih Chun-yu: "Kim Il-song Suggests Following the Hong Kong Pattern"]

[Text] When he received Thai Deputy Prime Minister Phichai Rattakun in Pyongyang recently, Korean President Kim Il-song said that we can follow the Hong Kong pattern for the reunification of Korea. The Thai deputy prime minister, who returned home after visiting North Korea, China, and Japan, confirmed this remark by Kim Il-song. This was the first time Kim Il-song had said this.

It has been learned that Kim Il-song said that the two sides in Korea can achieve peaceful reunification by following the Hong Kong pattern with each maintaining its present economic structure. Phichai said Kim Il-song also told him that he hoped that tripartite talks between North Korea, South Korea, and the United States would be held soon and that the current tension would ease.

Kim Il-song has suggested following the Hong Kong pattern. This shows that China's concept of "one country, two systems" is of far-reaching significance and has been taken as an example for the world.

Not long before this, Kim Il-song paid high tribute to the concept of "one country, two systems," when he met Utsunomiya Tokuma, a noted Japanese political figure. Commenting on the Sino-British agreement on 22 December, the Korean paper NODONG SINMUN said that the agreement is in the interests of both China and Britain. This indicates that Korea attaches the utmost importance to the peace of the peninsula and hopes to achieve peaceful reunification in a realistic manner. Kim Il-song's proposal will certainly win the support of the people in the northern and southern parts of Korea, and of the Asian countries.

Today Asia, including the Korean peninsula, remains a dangerous, explosive spot. On the Korean peninsula, U.S. troops are still present and the North-South confrontation still exists. At such a sensitive place, any careless act can trigger fighting or a hot war at any moment.

If both sides in Korea can open up to each other, allow their people to visit each other, and promote trade between themselves, this would certainly do away with the misunderstanding and hostility which have existed between them for a long time. This year both sides in Korea made some contacts and held tentative talks on economic and trade exchanges and family reunions of people. All this immediately won warm support from the 70 million Koreans. This proves that it accords with the will of the people.

No doubt, neither South Korea nor North Korea wants to reunify the country by force and both sides are working for economic development. Everlasting peace on the Korean peninsula is where the interests of the Korean people lie. This year Pyongyang declared the adoption of an open-door policy. This further indicates that North Korea is now following a moderate line.

Early in 1980, Kim Il-song proposed to establish a Korean confederation, but the proposal was rejected by Seoul. Conditions today are quite different from those 4 years ago. Today Pyongyang is adopting an open-door policy and China has resolved the question of Hong Kong in line with the concept of "one country, two systems." This concept can really serve as a reference and as a useful precedent for the peaceful reunification of Korea.

TWO LIKELY JOINT LIAISON OFFICE HEADS NAMED

HK290420 Hong Kong SOUTH CHINA MORNING POST in English 29 Dec 84 pp 1, 20

[By David Chen and Terry Cheng]

[Text] Dr David Wilson, former Political Adviser in Hong Kong, is almost certain to head the British side in the joint liaison office which comes into being on July 1. The most likely Chinese candidate is Mr Ke Zaishuo (60), a former deputy director of the Department of International Organizations, Treaties and Laws. The department falls under Peking's Foreign Affairs Ministry.

Dr Wilson and Mr Ke, who holds ambassadorial rank, led the British and Chinese working groups in the latter stages of the Anglo-Chinese negotiations on Hong Kong's future. Their teams and an ad hoc committee worked out the fine details of the joint declaration which was signed this month in Peking.

Dr Wilson is currently an assistant Under-Secretary of State and Mr Ke is a counsellor of the Department of Western European Affairs in the Foreign Affairs Ministry. The appointments of these two experienced diplomats is unlikely to cause a surprise. Many analysts believe they are the logical choices. The composition of the remainder of the two teams, however, particularly China's, can only be left to guesswork.

The commissioner of the Independent Commission Against Corruption, Mr Peter Williams, who is destined to succeed Mr Lewis Davies as Secretary, General Duties, is a possible candidate for the British Team. "It is quite possible, though not absolutely certain," said one source.

His Chinese counterpart could very well be one of the senior officials of the Hong Kong branch of the NEW CHINA NEWS AGENCY [NCNA].

Other possible candidates include Mr Fred Burrows, the legal adviser to the Foreign Office, who was a member of the British team in the final months of the negotiations. The final place in the British team could go to the head of the Chancery at the British mission, Mr Peter Thompson. He appears to lead the field from two others, Mr W. G. Ehrman and Mr Nigel Inkster, both first secretaries. Mr Thompson, who is fully versed in Hong Kong affairs, particularly those economic and financial, once served in Hong Kong as British Senior Trade Commissioner.

It is more difficult to fill the places on the Chinese side, but one man who has been mentioned is Mr Zhang Xianglin of the NEW CHINA NEWS AGENCY's research department in Hong Kong. Mr Zhang also took part in the talks and knows Hong Kong affairs.

Chinese sources insist that no final decision has been made on the composition of Peking's team. However, it is understood that several names have been put forward "for consideration." Several people, named in earlier speculation, now appear to have been ruled out. The former second director of the Hong Kong branch of the NCNA, Mr Li Jusheng (73), who was the second most senior member on the Chinese negotiating team, retired two months ago after the official initialling of the joint declaration. Although he attended the official signing on December 19, he is believed to have retired from active service.

Other names that have been raised include the NCNA director, Mr Xu Jiatun, and senior vice-director Mr Li Chuwen.

Speculation began when the British Prime Minister, Mrs Margaret Thatcher, said the Governor, Sir Edward Youde, should serve in the Joint Liaison Office. Sources cautioned, however, that even current speculation with regard to Mr Ke and Mr Zhang could be well off the mark because the Chinese are playing their cards very close to their chests.

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